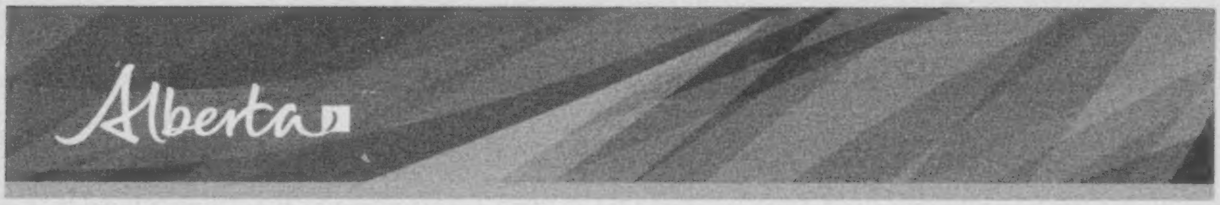

Government of Alberta

# 2015–16 Annual Report

- Executive Summary
- Consolidated Financial Statements
- Measuring Up

This is the report to Albertans on ***Budget 2015: Supporting Jobs, Supporting Families. The Alberta Way.***

It is a permanent public record of the revenue, expense and results achieved by the Government of Alberta for the 2015–16 fiscal year.

The *Government of Alberta 2015–16 Annual Report* consists of three parts:

- ***Executive Summary,*** which provide a description and variance analysis of government's revenue, spending, assets and liabilities.
- ***Consolidated Financial Statements***, which provide an overall accounting of the government's revenue and spending, and assets and liabilities.
- ***Measuring Up***, which reports on the progress that has been made towards achieving the government's goals.

Annual reports for each ministry have also been published, providing additional detailed information on performance and financial results.

◆

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***Government of Alberta 2015–16 Annual Report***
***Executive Summary, Consolidated Financial Statements and Measuring Up***

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# A MESSAGE FROM THE PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE

In 2015, this government presented a vision that reflected Alberta's values and economic realities. These values reflect our potential to be home to Canada's healthiest, best-educated, and most prosperous people, and the world's most environmentally-progressive energy producer.

While the past year was overshadowed by a recession due to the decline in oil prices, it was also a year of renewal. In response to the downturn, our government faced a choice. Rather than lay off teachers and nurses, scale back important programs, or allow our roads, schools and hospitals to fall into disrepair, government stabilized frontline public services, and launched a significant economic stimulus plan to put Albertans back to work. The plan includes investing in much-needed infrastructure, and introducing programs to diversify and grow the economy.

We remained committed to prudent fiscal management, while promoting job creation and working with other jurisdictions to open new markets for our products.

Low energy prices had a significant negative impact on government revenue and Albertans in all corners of the province. Recognizing the need to diversify and reduce reliance on non-renewable resource revenue, we introduced a more progressive personal income tax system, while ensuring Albertans continue to pay the lowest overall taxes compared to other provinces.

We also ensured supports were in place to help Albertans who lost their jobs, through a number of new initiatives that encourage businesses to help Albertans get back to work.

While a large portion of the economy struggled, some sectors, like forestry and agriculture, benefited from the weaker loonie and stronger US economy. Government infrastructure spending supported construction activity, as Alberta's population increased by 1.8 per cent.

Overall revenue ended the year at $42.5 billion. This was a significant decline compared to the past several years. At the same time, we were able to fulfil our commitments to support health care and school enrolment growth. We were also able to find reductions in other areas, and we ended 2015-16 with expenses $1 billion lower than budget at $48.9 billion.

In the past, government operating expense has grossly diverged, increasing one year by 6.3 per cent and then by just 2.7 per cent the following year. As a result, it was often difficult for school boards, health authorities, government agencies and other government partners to plan ahead. Our government is committed to lowering overall spending growth while maintaining the programs and services Albertans rely on. In 2015-16, operating expense only increased by 2.7 per cent versus the budgeted growth rate of 2.8 per cent.

In the past year, government released a progressive Climate Leadership Plan, to position Alberta as a global leader on climate change, while advancing environmental protection and conservation, energy efficiency and renewable energy. We announced a modernized royalty system to create a simpler, more transparent and efficient system, the new Alberta Child Benefit, and enhanced Alberta Family Employment Tax Credit.

We also moved to stabilize the public health care system by reversing planned budget reductions proposed by the previous government. This prevented the elimination of approximately 1,500 front-line nursing and health care positions.

Our government's aim is to support Albertans, provide the public services they need, and build on our strengths to make our communities even stronger. Together, we will move Alberta forward and build a more diversified, more stable and brighter future for our province.

*Original signed by*

Joe Ceci
President of Treasury Board, Minister of Finance

# TABLE OF CONTENTS

**PREFACE** . . . . . . . . . . iv

**EXECUTIVE SUMMARY** . . . . . . . . . . 1

Table of Contents . . . . . . . . . . 2
*Budget 2015:* Supporting Jobs, Supporting Families. The Alberta Way. . 3
Fiscal Plan Highlights . . . . . . . . . . 5
Expense Highlights . . . . . . . . . . 7
Capital Plan . . . . . . . . . . 12
Revenue Highlights . . . . . . . . . . 15
Economic and Tax Highlights . . . . . . . . . . 17
Net Financial and Capital Assets . . . . . . . . . . 18
Historical Fiscal Summary, 2008-09 to 2015-16 . . . . . . . . . . 20

**CONSOLIDATED FINANCIAL STATEMENTS** . . . . . . . . . . 21

Table of Contents . . . . . . . . . . 23
Management's Responsibility for the Consolidated Financial Statements 24
Independent Auditor's Report . . . . . . . . . . 25
Consolidated Statement of Operations . . . . . . . . . . 26
Consolidated Statement of Financial Position . . . . . . . . . . 27
Consolidated Statement of Change in Net Financial Assets . . . . . . . . . . 28
Consolidated Statement of Cash Flows . . . . . . . . . . 29
Notes to the Consolidated Financial Statements . . . . . . . . . . 30
Schedules to the Consolidated Financial Statements . . . . . . . . . . 45
1 Revenues . . . . . . . . . . 45
2 Expenses by Ministry . . . . . . . . . . 46
3 Expenses by Object . . . . . . . . . . 47
4 Cash and Cash Equivalents . . . . . . . . . . 47
5 Portfolio Investments . . . . . . . . . . 48
6 Equity in Government Business Enterprises . . . . . . . . . . 49
7 Loans and Advances . . . . . . . . . . 53
8 Unmatured Debt . . . . . . . . . . 53
9 Debt of Alberta Capital Finance Authority . . . . . . . . . . 54
10 Pension Plans and Other Defined Benefit Plans . . . . . . . . . . 55
11 Deferred Capital Contributions . . . . . . . . . . 61
12 Liabilities Under Public Private Partnership . . . . . . . . . . 61
13 Tangible Capital Assets . . . . . . . . . . 63
14 Listing of Organizations . . . . . . . . . . 64
Glossary . . . . . . . . . . 69

## TABLE OF CONTENTS, *continued*

**MEASURING UP . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 73**

Table of Contents . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 75

Management's Responsibility for Reporting . . . . . . . . . . . . . . . . . . . . . . . . 76

Readers' Guide . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 77

Strategic Context . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 80

Outcome One
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 83
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 85

Outcome Two
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 87
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 89

Outcome Three
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 91
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 93

Outcome Four
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 94
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 96

Outcome Five
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 98
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 99

Outcome Six
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 100
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 102

Outcome Seven
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 104
- Performance Measures and Indicators . . . . . . . . . . . . . . . . . . . . . . 105

Outcome Eight
- Results and Accomplishments . . . . . . . . . . . . . . . . . . . . . . . . . . . . 106

Performance Measures and Indicators – Sources and Notes . . . . . . . . . . . . . 107

# PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the Annual Report of the Government of Alberta and the annual reports of each of the 20 ministries.

**This Annual Report of the Government of Alberta contains an Executive Summary, the audited Consolidated Financial Statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.**

The annual reports of ministries are released concurrently with the Annual Report of the Government of Alberta. The ministry annual reports contain the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministries' business plans. Each ministry annual report also includes:

- Financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations;
- Other financial information as required by the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*, either as separate reports or as a part of financial statements, to the extent that the ministry has anything to report;
- Financial information relating to accountable organizations and trust funds.

# ■ EXECUTIVE SUMMARY

# TABLE OF CONTENTS

## EXECUTIVE SUMMARY

*Budget 2015:* Supporting Jobs, Supporting Families. The Alberta Way. . 3
Fiscal Plan Highlights . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 5
Expense Highlights . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7
Capital Plan. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 12
Revenue Highlights . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 15
Economic and Tax Highlights . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 17
Net Financial and Capital Assets . . . . . . . . . . . . . . . . . . . . . . . . . . . . 18
Historical Fiscal Summary, 2008-09 to 2015-16 . . . . . . . . . . . . . . . . . . 20

**NOTE**: AMOUNTS PRESENTED IN TABLES AND TEXT MAY NOT ADD TO TOTALS DUE TO ROUNDING.

# *BUDGET 2015:* SUPPORTING JOBS, SUPPORTING FAMILIES. THE ALBERTA WAY

The significant decline in global oil prices that began in summer 2014 has had a substantial effect on Alberta's economy and government's fiscal situation. The economy is estimated to have contracted by 3.7% in 2015. The government responded with a plan in *Budget 2015* to support jobs and Alberta families. This plan included a number of important initiatives to stimulate the economy, including a $38 billion five-year Capital Plan.

The oil price plunge caused an immediate reaction in the energy sector, with activity and investment falling. Corporate profits dropped, and with oil prices stagnating, the economic momentum from prior years' strong growth eased. Employment, wages and household income weakened, and most other non-energy sectors of the economy were negatively impacted. Excess global oil supply remains, and the timing and extent of a recovery in energy prices is uncertain and subject to a wide array of economic and geopolitical variables.

Actual 2015-16 results were a deficit of $6.4 billion, $0.3 billion higher than estimated in the October *Budget 2015*. Revenue declined by $1.3 billion, while expense decreased by $1 billion. The weakness in revenue was from continued low oil prices.

The government's fiscal plan has acted as a shock absorber for Albertans, by stabilizing core programs and services like health care, education and social supports while implementing a more progressive personal income tax system, and introducing programs to support a more diversified 21st century economy that works for all Albertans.

## REVENUE

Total revenue in 2015-16 was $42.5 billion, a drop of $7 billion from 2014-15, and $1.3 billion less than budgeted. Resource and corporate income tax revenue were especially hard hit, while investment income also suffered from weak equity markets.

Revenue included $20.7 billion from income and other taxes, $2.8 billion in non-renewable resource revenue, $7.1 billion in transfers from the federal government, $2.5 billion in investment income and $9.4 billion from other sources.

## EXPENSE

Total expense was $48.9 billion in 2015-16, an increase of $0.6 billion from 2014-15 but almost $1 billion lower than estimated in *Budget 2015*. Operating expense increased by $1.1 billion from 2014-15, partly offset by $0.6 billion decrease in capital grants.

The $48.9 billion included $43.2 billion in operating expense, $1.9 billion in capital grants, $0.6 billion in disaster assistance, $3.1 billion for amortization and inventory consumption, $0.8 billion in debt servicing costs and a negative $0.6 billion expense reflecting a reduction in pension liabilities.

## CAPITAL PLAN

Significant infrastructure support of $6.6 billion was provided in 2015-16, $1.3 billion lower than budget but $0.4 billion higher than 2014-15. Funding was targeted to school construction, highways, post-secondary and health facilities and municipal support. $7 billion was directly borrowed for the Capital Plan in 2015-16, although $1.9 billion remains available for future capital plan cash needs.

## NET ASSETS ON MARCH 31, 2016

Government of Alberta financial and capital assets exceeded liabilities by $48.5 billion. This included financial assets of $64 billion, capital / non-financial assets of $47.3 billion and liabilities, including deferred capital contributions, of $62.8 billion.

### NOTE ON COMPARABILITY DIFFERENCES

Actual results for 2015-16 now include donations to post-secondary and health authority endowment funds in revenue. The *Budget 2015* estimate and 2014-15 actual results do not include these donations as revenue, as they are "restricted" to the donor's objectives, and so were previously reported only as adjustments to net assets, after the calculation of the surplus / (deficit). Comparisons between budget and 2014-15 actual results therefore will be slightly inconsistent, with omission of comparable revenue of $166 million in 2014-15, and nothing ($0) estimated in *Budget 2015*, relative to the inclusion of $84 million in 2015-16 revenue.

## Fiscal Summary

*(millions of dollars)*

| | | | | | Change from | |
|---|---|---|---|---|---|---|
| | | 2015-16 | | 2014-15 | | 2014-15 |
| | **INCOME STATEMENT** | **Budget** | **Actual** | **Actual** | **Budget** | **Actual** |
| | **Revenue** | | | | | |
| 1 | Personal income tax | 12,047 | **11,357** | 11,042 | (690) | 315 |
| 2 | Corporate income tax | 4,745 | **4,195** | 5,796 | (550) | (1,601) |
| 3 | Other taxes | 5,307 | **5,168** | 4,598 | (139) | 570 |
| 4 | Bitumen royalties | 1,547 | **1,223** | 5,049 | (324) | (3,826) |
| 5 | Other non-renewable resource revenue | 1,221 | **1,566** | 3,899 | 345 | (2,333) |
| 6 | Transfers from Government of Canada | 6,984 | **7,142** | 5,982 | 158 | 1,160 |
| 7 | Investment income | 2,820 | **2,544** | 3,113 | (276) | (569) |
| 8 | Net income from government business enterprises | 2,736 | **2,570** | 2,665 | (166) | (95) |
| 9 | Premiums, fees and licences | 3,687 | **3,574** | 3,564 | (113) | 10 |
| 10 | Other revenue | 2,694 | **3,161** | 3,773 | 467 | (612) |
| 11 | **Total Revenue** | **43,788** | **42,500** | **49,481** | **(1,288)** | **(6,981)** |
| | **Expense** | | | | | |
| 12 | Operating expense | 43,209 | **43,189** | 42,047 | (20) | 1,142 |
| 13 | Capital grants (including 2013 flood support) | 1,975 | **1,911** | 2,466 | (64) | (555) |
| 14 | Disaster assistance (including 2013 flood operating support) | 829 | **563** | 351 | (266) | 212 |
| 15 | Capital amortization / loss on asset disposals | 2,262 | **2,236** | 2,302 | (26) | (66) |
| 16 | Inventory consumption | 821 | **895** | 882 | 74 | 13 |
| 17 | Debt servicing costs - general | 326 | **330** | 370 | 4 | (40) |
| 18 | Debt servicing costs - Capital Plan | 452 | **446** | 352 | (6) | 94 |
| 19 | Pension provisions | 31 | **(630)** | (404) | (661) | (226) |
| 20 | **Total Expense** | **49,906** | **48,942** | **48,366** | **(966)** | **574** |
| 21 | **Surplus / (Deficit)** | **(6,118)** | **(6,442)** | **1,115** | **(324)** | **(7,557)** |
| | **CAPITAL PLAN** | | | | | |
| 22 | Capital grants | 1,975 | **1,911** | 2,466 | (64) | (555) |
| 23 | Capital investment | 5,888 | **4,647** | 3,715 | (1,241) | 932 |
| 24 | **Total Capital Plan** | **7,863** | **6,558** | **6,181** | **(1,305)** | **377** |

## Contingency Account (at March 31, 2016)

*(millions of dollars)*

| | | | | | Change from | |
|---|---|---|---|---|---|---|
| | | 2015-16 | | 2014-15 | | 2014-15 |
| | | **Budget** | **Actual** | **Actual** | **Budget** | **Actual** |
| 1 | **Balance at Start of Year (April 1)** | 6,529 | **6,529** | 4,658 | - | 1,871 |
| 2 | **Surplus / (Deficit)** | (6,118) | **(6,442)** | 1,115 | (324) | (7,557) |
| | **Cash Adjustments – Sources / (Requirements)** | | | | | |
| 3 | SUCH / Alberta Innovates own-source revenue / expense | 491 | **563** | 623 | 72 | (60) |
| 4 | Income retained by funds and agencies / Heritage Fund | (639) | **(1,000)** | (1,048) | (361) | 48 |
| 5 | Pension provisions (non-cash expense) | 31 | **(630)** | (404) | (661) | (226) |
| 6 | Amortization (ex. SUCH; non-cash expense) / book value of disposals | 847 | **849** | 855 | 2 | (6) |
| 7 | Inventory consumption (excluding SUCH; non-cash expense) | 129 | **125** | 141 | (4) | (16) |
| 8 | Student loans / inventory acquisition (excluding SUCH) | (547) | **(514)** | (411) | 33 | (103) |
| 9 | 2013 Alberta flood assistance revenue / expense | (429) | **(86)** | (745) | 343 | 659 |
| 10 | Energy royalties | 354 | **60** | 1,369 | (294) | (1,309) |
| 11 | Net deferred capital contribution adjustment (excluding SUCH) | 89 | **73** | 101 | (16) | (28) |
| 12 | Other cash adjustments | (477) | **334** | 278 | 811 | 56 |
| 13 | Capital investment (excluding SUCH; cash requirement not in expense) | (4,762) | **(3,888)** | (3,414) | 874 | (474) |
| 14 | Withdrawal / (deposit) from / (to) Capital Plan account | - | **(1,892)** | 673 | (1,892) | (2,565) |
| 15 | Direct borrowing for Capital Plan | 5,958 | **7,016** | 3,021 | 1,058 | 3,995 |
| 16 | Alternative financing for Capital Plan (P3s - public-private partnerships) | 143 | **143** | 199 | - | (56) |
| 17 | Current principal repayments (P3s) | (42) | **(41)** | (39) | 1 | (2) |
| 18 | **Surplus / (deficit) plus net cash adjustments** | **(4,972)** | **(5,330)** | **2,314** | **(358)** | **(7,644)** |
| 19 | Cash transferred from prior-year final results | 1,731 | **1,731** | 1,287 | - | 444 |
| 20 | Cash from final results to be withdrawn / (deposited) next year | - | **695** | (1,731) | 695 | 2,426 |
| 21 | **Balance at End of Year (March 31)** | **3,289** | **3,625** | **6,529** | **336** | **(2,904)** |

# FISCAL PLAN HIGHLIGHTS

The actual results for 2015-16 show a deficit of $6.4 billion, a $7.6 billion decline from the surplus of $1.1 billion in 2014-15, and $0.3 billion worse than estimated in the October *Budget 2015*. (Note: the *Budget 2015* estimate and 2014-15 actual results do not include donations to SUCH sector endowment funds in revenue, these were previously reported as adjustments to net assets. Comparisons between budget and 2014-15 actual results therefore omit revenue of $166 million in 2014-15 and $0 in budget, relative to $84 million in 2015-16 actuals.)

**Total Revenue** was $42.5 billion in 2015-16, a decrease $7 billion from 2014-15 and $1.3 billion lower than budget.

- **Change from 2014-15.** Increases of $0.9 billion in personal income and other tax revenue, primarily due to rate increases implemented in 2015-16, and $1.2 billion in federal transfers, in part due to 2014-15 transfers being reduced to reverse a prior-year over-accrual for 2013 flood assistance, were more than offset by decreases of $6.2 billion in resource revenue, $1.6 billion in corporate income tax, and $1.3 billion in investment income and other revenue.
- **Change from Budget.** Increases of $0.6 billion in federal transfers and other revenue were more than offset by decreases of $1.4 billion in tax revenue, $0.3 billion in investment income and $0.3 billion in income of government business enterprises and premiums fees and licences revenue.

**Total Expense** was $48.9 billion, $0.6 billion higher than 2014-15, but $1 billion lower than budget.

- **Change from 2014-15.** Increases of $1.1 billion in operating expense, $0.2 billion in disaster assistance and $0.1 billion in Capital Plan debt servicing costs were partly offset by decreases of $0.6 billion in capital grants and $0.2 billion in pension provision expense.
- **Change from Budget.** Mainly reflects a decrease of $0.3 billion in disaster assistance, primarily for agriculture support, and a $0.7 billion change in pension provision expense.

**Net Assets.** At March 31, 2016, net assets were $48.5 billion, including capital / non-financial assets of $47.3 billion. More details on assets and liabilities are provided on pages 18-19.

**Contingency Account.** Balance of $3.6 billion on March 31, 2016, a decrease of $2.9 billion from the prior year, comprising $5.3 billion in net negative year-end results and cash requirements, $1.7 billion in 2014-15 results transferred in 2015-16, and an excess of $0.7 billion from final year-end results to be withdrawn in 2016-17 (the balance after final results are incorporated is thus $2,930 million).

**Cash adjustments** such as differences between accrued revenue and cash receipts, non-cash revenue or expense, SUCH sector entity results, and transfers not reported on the income statement, are necessary to determine balance of the Contingency Account under the *Fiscal Planning and Transparency Act*.

- **Net income of, or retained, by other entities.** $563 million of the $6.4 billion deficit reflects SUCH sector and Alberta Innovates corporations own-source expense less revenue; surpluses of entities like Alberta Treasury Branches or Agriculture Financial Services Corporation, of a net $791 million are included in 2015-16 results, but retained by the entities; the Heritage Fund also kept $209 million for inflation-proofing.
- **Non-cash expense.** $974 million of amortization and inventory consumption expense requires no cash; a $630 million decrease in pension liabilities is reported as non-cash negative expense.
- **Cash requirements not in expense.** $362 million was needed for student loans, net of repayments, $152 million was used to acquire short-term inventory assets, while $186 million was spent in 2015-16, and $100 million in cash was received for 2013 flood assistance reported in 2013-14.
- **Revenue and other cash adjustments.** Cash from energy royalties exceeded reported revenue by $60 million; cash transfers for capital, reported in revenue over the related asset's life, exceeded non-cash reported revenue by $73 million. Various other differences between revenue/expense and cash amount to a net positive $334 million.
- **Capital Plan cash.** Cash for capital investment and P3 principal repayments of $3,929 million was offset by $7,159 million in cash from borrowing and P3 partners. Borrowing exceeded Capital Plan funding needs by $1,892 million, which will now be available for future Capital Plan cash requirements.

## Total Expense

*(millions of dollars)*

| | 2015-16 | | 2014-15 | Change from | |
|---|---|---|---|---|---|
| | | | | | 2014-15 |
| **Operating Expense by Ministry** | **Budget** | **Actual** | **Actual** | **Budget** | **Actual** |
| Advanced Education | 5,257 | **5,141** | 4,966 | (116) | 175 |
| Agriculture and Forestry | 1,072 | **989** | 1,049 | (83) | (60) |
| Culture and Tourism | 294 | **289** | 288 | (5) | 1 |
| Economic Development and Trade | 316 | **225** | 231 | (91) | (6) |
| Education | 7,251 | **7,553** | 7,250 | 302 | 303 |
| Energy | 681 | **549** | 645 | (132) | (96) |
| Environment and Parks | 405 | **386** | 397 | (19) | (11) |
| Executive Council | 25 | **24** | 23 | (1) | 1 |
| Health | 18,297 | **18,522** | 17,814 | 225 | 708 |
| Human Services | 4,274 | **4,261** | 4,087 | (13) | 174 |
| Indigenous Relations | 186 | **178** | 182 | (8) | (4) |
| Infrastructure | 491 | **491** | 501 | - | (10) |
| Justice and Solicitor General | 1,343 | **1,350** | 1,313 | 7 | 37 |
| Labour | 164 | **154** | 126 | (10) | 28 |
| Municipal Affairs | 285 | **246** | 237 | (39) | 9 |
| Seniors and Housing | 569 | **559** | 573 | (10) | (14) |
| Service Alberta | 250 | **240** | 226 | (10) | 14 |
| Status of Women | 1 | **1** | - | - | 1 |
| Transportation | 484 | **462** | 523 | (22) | (61) |
| Treasury Board and Finance | 1,412 | **1,433** | 1,493 | 21 | (60) |
| Legislative Assembly | 150 | **132** | 122 | (18) | 10 |
| **Total Operating Expense** | **43,209** | **43,189** | **42,047** | **(20)** | **1,142** |
| **Capital Grants** | | | | | |
| Energy | 289 | **159** | 53 | (130) | 106 |
| Municipal Affairs | 1,113 | **1,139** | 1,865 | 26 | (726) |
| Transportation | 290 | **301** | 321 | 11 | (20) |
| Other | 181 | **188** | 131 | 7 | 57 |
| 2013 Alberta flood capital grants | 101 | **124** | 96 | 23 | 28 |
| **Total Capital Grants** | **1,975** | **1,911** | **2,466** | **(64)** | **(555)** |
| **Disaster / Emergency Assistance** | | | | | |
| Agriculture and Forestry | 725 | **527** | 170 | (198) | 357 |
| Municipal Affairs | - | **3** | 32 | 3 | (29) |
| **Total** | **725** | **530** | **202** | **(195)** | **328** |
| **2013 Alberta flood operating support:** | | | | | |
| Environment and Parks | 23 | **11** | 23 | (12) | (12) |
| Infrastructure | 44 | **7** | 53 | (37) | (46) |
| Municipal Affairs | 16 | **7** | 21 | (9) | (14) |
| Other | 21 | **9** | 52 | (12) | (43) |
| **Total 2013 Alberta flood operating support** | **104** | **33** | **149** | **(71)** | **(116)** |
| **Total Disaster / Emergency Assistance** | **829** | **563** | **351** | **(266)** | **212** |
| **Amortization / Inventory Consumption / Loss on Asset Disposals** | | | | | |
| Advanced Education amortization | 487 | **486** | 481 | (1) | 5 |
| Education amortization | 317 | **331** | 306 | 14 | 25 |
| Health amortization / inventory consumption | 1,387 | **1,454** | 1,448 | 67 | 6 |
| Infrastructure amortization / inventory consumption | 110 | **106** | 111 | (4) | (5) |
| Transportation amortization / inventory consumption | 530 | **517** | 510 | (13) | 7 |
| Other amortization / inventory consumption / loss on disposals | 252 | **237** | 328 | (15) | (91) |
| **Total Amortization / Invent. Consump. / Loss on Disposals** | **3,083** | **3,131** | **3,184** | **48** | **(53)** |
| **General Debt Servicing Costs** | | | | | |
| Agriculture and Forestry (Ag. Financial Services Corp.) | 75 | **68** | 70 | (7) | (2) |
| Seniors and Housing (Alberta Social Housing Corporation) | 8 | **8** | 10 | - | (2) |
| Treasury Board and Finance (Ab. Capital Finance Auth. / other) | 178 | **188** | 223 | 10 | (35) |
| SUCH sector (post-second. instit. / Ab. Health Serv. / school bds) | 65 | **66** | 67 | 1 | (1) |
| **Total General Debt Servicing Costs** | **326** | **330** | **370** | **4** | **(40)** |
| **Capital Plan Debt Servicing Costs** | | | | | |
| Education - Alberta Schools Alternative Procurement P3s | 30 | **30** | 30 | - | - |
| Transportation - ring road P3s | 71 | **71** | 72 | - | (1) |
| Treasury Board and Finance - direct borrowing | 351 | **345** | 250 | (6) | 95 |
| **Total Capital Plan Debt Servicing Costs** | **452** | **446** | **352** | **(6)** | **94** |
| **Pension Provisions** | **31** | **(630)** | **(404)** | **(661)** | **(226)** |
| **Total Expense** | **49,906** | **48,942** | **48,366** | **(964)** | **576** |

## EXPENSE HIGHLIGHTS

**Total expense** in 2015-16 was $48.9 billion. This comprised $43.2 billion in operating expense, capital grants of $1.9 billion, $563 million in disaster assistance, $3.1 billion in amortization, inventory consumption and losses on capital asset disposals, $776 million in general and capital debt servicing costs and a negative $630 million for a reduction in pension liabilities.

**Year-over-year comparison.** Total 2015-16 expense was $576 million higher than 2014-15:

- **Operating expense.** $1.1 billion or 2.7% increase, primarily for physician compensation, drug costs and Alberta Health Services operations, enrolment growth in schools and post-secondary institutions, and increased caseloads and costs in income support, AISH and children's programs.
- **Capital grants.** $555 million decrease due mainly to added municipal funding provided in 2014-15.
- **Disaster assistance.** $212 million increase due primarily to higher forest-fire fighting costs and agriculture assistance resulting from spring and early summer drought conditions in 2015, partly offset by lower June 2013 flood assistance.
- **Other expense.** $225 million net decrease, almost entirely due to a decline in pension provisions. Higher Capital Plan debt servicing costs are offset by lower general debt servicing costs and losses on asset disposals.

**Budget-to-actual changes.** Total expense was $964 million lower than budgeted:

- **Operating expense.** $20 million decrease, with increases for school enrolment, physician compensation, drug costs and Alberta Health Services operations mostly offset mainly by suspended Access to the Future Fund grants, decreased agriculture income support from late-season improved crop yields, and lower crude oil marketing costs.
- **Disaster assistance.** $266 million decrease mainly due to lower indemnity requirements from improved crop yields.
- **Other expense.** $679 million net decrease, due primarily to the $661 million decline in pension provisions, with higher consumption of pharmaceutical inventories, from higher volumes and drug prices, offset by lower capital grants.

### HEALTH

Total expense (excluding debt servicing costs) was $20 billion, mainly comprising $18.5 billion in operating expense and $1.5 billion in amortization and inventory consumption. Expense was $681 million or 3.5% higher than it was in 2014-15, and $292 million, or 1.5% above budget.

- Expense changes from 2014-15:
  - ♦ $338 million increase for physician services, reflecting more service demand and higher compensation rates.
  - ♦ $186 million increase for Drugs and Supplemental Health Benefits, from increasing volume and costs of existing and new drugs.
  - ♦ $152 million increase for facility and care-based services, due mainly to higher volumes and compensation, and implementing the Community Capacity Plan.
  - ♦ $5 million net increase in other programs.
- Expense changes from budget:
  - ♦ $195 million increase for facility-based services due to higher demand.
  - ♦ $119 million increase for physician services.
  - ♦ $60 million increase for drug costs and volume.
  - ♦ $82 million net decrease in other programs.
- Policy and other initiatives included:
  - ♦ The government reversed previously-planned reductions to the Health ministry budget, to stabilize the health system and provide predictable funding, but with a goal of decreasing the annual growth rate in operating expense moving forward.
  - ♦ The *Valuing Mental Health* report was released February 2016 with 32 recommendations to improve mental health service delivery.
  - ♦ Signed a memorandum of agreement with the Alberta Medical Association to determine how to better manage the rate of growth in physician compensation and improve the health care system.
  - ♦ Actions to address increasing numbers of deaths caused by illicit fentanyl use included expanding access to naloxone, which reverses fentanyl overdoses, permitting nurses to prescribe it, paramedics to distribute it and emergency medical responders to administer and distribute it.

## EDUCATION

Total expense (excluding debt servicing costs and pension provisions) was $7.9 billion, an increase of $333 million from 2014-15 and $305 million from *Budget 2015*. The increases are due mainly to higher-than-expected enrolment growth, higher costs for the Teachers' Framework Agreement and added school operations and maintenance funding.

- $7.5 billion for public and separate school boards, an increase of $300 million from 2014-15 and $298 million from budget. Enrolment growth for the 2015-16 school year increased by more than expected, reaching 2.7%, with 740 more teachers added to classrooms. The $7.5 billion comprised:
    - $5.8 billion for direct instruction, a $199 million or 3.5% increase from 2014-15, and $197 million higher than budget. This includes $409 million for current-year pension expense (post-1992 Teachers' Pension Plan), and $284 million for the Small Class Size Initiative, targeted at earlier grades with higher enrolment growth pressures.
    - $749 million for school operations and maintenance, $145 million more than 2014-15 and up $139 million from budget.
    - $325 million for amortization.
    - $339 million for student transportation services.
    - $337 million for program support, governance and system administration.
- $246 million was provided to accredited private schools and early childhood service operators.

## ADVANCED EDUCATION

Total expense (excluding debt servicing costs and pension provisions) was $5.6 billion in 2015-16, an increase of $181 million or 3.3% from 2014-15, but $115 million lower than estimated in budget, mainly from suspending Access to the Future Fund grants and a reduction to loss provisions for student loans.

- Expense for post-secondary institution operations was $5.3 billion, with base operating funding increased by $40 million, or 2%, over 2014-15 levels. This supported over 265,000 full and part-time students and apprentices.
- Provided $38 million to institutions to offset the first year of a two-year tuition freeze ($16 million) and the cancellation of market modifier increases planned for a number of programs ($22 million).
- Awarded $89 million in scholarships to over 50,000 Alberta students. Funded over 70,000 full-time students by providing $537 million in Alberta student loans and $45 million in provincial grants.

## HUMAN SERVICES

Total 2015-16 expense, almost all of which was operating expense, was $4.3 billion in 2015-16. Operating expense was $174 million, or 4.3% higher than 2014-15, but $13 million below budget, with the change from 2014-15 primarily for higher caseloads and costs per case.

- Assured Income for the Severely Handicapped expense was $955 million, $37 million higher than 2014-15, with 2,000 more clients, who now total over 52,000. Alberta's program for clients with severe and permanent disabilities is one of the most comprehensive in Canada.
- Support to Persons with Disabilities expense was over $1 billion, $6 million higher than 2014-15, from increasing caseloads and complexity of cases.
- Over $1.1 billion was provided for child and youth intervention, child care and early intervention services for children and youth, a $31 million increase from 2014-15, primarily due to higher case complexity, child care supports and emphasis on preventative community-based programs.
- Employment program expense of $777 million was $54 million higher than in 2014-15 primarily due to the impact of the economic downturn.
- $176 million was allocated to reduce homelessness and support women's shelters, with an increase of $15 million from 2014-15 devoted to women's shelters. Approximately 12,250 people have been provided with housing and other supports since 2009.
- $101 million for Family and Community Supports Services, an increase of $24 million from last year.

## AGRICULTURE AND FORESTRY

Total 2015-16 expense (excluding debt servicing costs) was $1.6 billion, $295 million higher than 2014-15, due to higher wildfire-fighting costs and agriculture support arising from drought conditions early in 2015, but $284 million lower than budget, mainly due to late season improvement to crop yields.

- Indemnity payments of $527 million for crop, hail and livestock insurance were incurred in 2015-16, $99 million more than in 2014-15. This included disaster assistance of $141 million, $101 million more than in 2014-15, but $210 million lower than budgeted.

- Spent $500 million, including $387 million of in-year disaster assistance, to fight 1,898 forest fires, which consumed about 466,330 hectares. The disaster assistance was $255 million more than in 2014-15, and $12 million above budget.
- $35 million was provided to combat mountain pine beetle infestations.
- $20 million was provided through Alberta Livestock and Meat Agency to help agri-food businesses develop new markets, products and technologies, $23 million in capital grants supported irrigation rehabilitation and rural gas and electrical infrastructure, while $23 million was allocated to rural agricultural services boards, societies and regional exhibitions.
- $54 million through Growing Forward 2 to support innovation in the agri-food sector.
- $25 million supported continued implementation of the Flat Top Complex Wildfire Review, with another $2 million in capital investment.
- Approved $562 million in agriculture sector loans.

### ENVIRONMENT AND PARKS

Total expense was $563 million, a $19 million increase from 2014-15, due mainly to higher 2013 flood capital grants, partly offset by lower operating expense and 2013 flood operating support. Expense was $68 million lower than the *Budget 2015* estimate, due mainly to lower capital grants from the Climate Change and Emissions Management Fund and lower operating expense, partly offset by higher 2013 flood capital grants.

- Provided $77 million to Alberta Environmental Monitoring, Evaluation and Reporting Agency, in support of its oil sands monitoring operations. An independent review of the Agency determined that it would be more effective and accountable if its monitoring functions were transferred to a new division in the Ministry, and for the Agency to be dissolved. These changes are being implemented in 2016-17.
- $2 million was provided to support the Climate Leadership Advisory Panel. The Panel reviewed Alberta's climate change strategy, conducted public consultations, and provided recommendations to government. These formed the basis of the Climate Leadership Plan, announced in November 2015. The Plan includes phasing out emissions from coal-fired electricity generation by 2030, transitioning to more renewable energy, legislating a limit on oil sands emissions, reducing methane gas emissions by 45%, and establishing an economy-wide price on carbon emissions to discourage consumption.
- Developed policy and legislation to implement the carbon levy on heating and transportation fuels in 2016-17, in conjunction with a consumer rebate program that will support lower and middle-income Albertans in reducing emissions.

### MUNICIPAL AFFAIRS

Total expense was $1,414 million, $768 million lower than 2014-15 and $17 million lower than budget. The decrease from 2014-15 is primarily due to provision of additional capital grants to municipalities in 2014-15; capital grants are $726 million lower.

- Provided $28 million in Municipal Sustainability Initiative operating grants, $65 million in grants in place of municipal property taxes which the Crown is exempt from paying, and $18 million for municipal regional collaboration.
- Support to public libraries was $34 million.

### SENIORS AND HOUSING

Total expense (excluding debt servicing costs) was $663 million, $27 million higher than 2014-15 and $51 higher than budget, due to capital grants added for supportive living projects, partly offset by lower operating expense.

- Provided $368 million to seniors through the Alberta Seniors Benefit and Special Needs Assistance programs, an increase of $6 million from 2014-15, and $6 million in low-interest loans through the Property Tax Deferral program.
- Grants of $138 million were delivered to housing providers for seniors and community housing, a $16 million reduction from 2014-15, and $64 million in rent supplements helped low-income households with accommodation costs.

## OTHER MINISTRIES

Total expense in 2015-16 of other ministries (excluding debt servicing costs and pension provisions) was $6.8 billion, $189 million lower than in 2014-15, and $449 million lower than estimated in *Budget 2015*.

The $6.8 billion consists of $5.6 billion in operating expense, $0.5 billion in capital grants, $0.7 billion for amortization, inventory consumption, 2013 flood operating assistance and losses on asset disposals.

- The $189 million reduction from 2014-15 reflects:

  ♦ $142 million lower operating expense, mainly from reduced crude oil marketing costs, a lower provision for corporate income tax doubtful accounts and acceleration of highway preservation and maintenance work in 2014-15, partly offset by higher corrections and public security costs, primarily for salaries, and increased labour market funding from the federal government.

  ♦ $55 million decrease in 2013 flood assistance, due mainly to delays in floodway relocation.

  ♦ $69 million lower loss on asset disposals, primarily from the impact in 2014-15 of the Fort McMurray Land Exchange Agreement.

  ♦ A net $7 million reduction in amortization and inventory consumption expense.

  ♦ $84 million increase in capital grants, mainly for the two carbon capture and storage projects.

- The $449 million reduction from budget reflects:

  ♦ $267 million lower operating expense, mainly from reduced crude oil marketing costs, bioenergy grants, Alberta Innovates corporation grants, deferral of funding for the job creation program being replaced, re-classifying $25 million allocated to Alberta Enterprise Corporation from expense, and re-classifying some highway preservation work as capital investment, partly offset by higher external investment management expense (which is offset by increased revenue).

  ♦ $109 million decrease in capital grants, mainly for the two carbon capture and storage projects.

  ♦ $45 million decrease in 2013 flood assistance, due mainly to delays in floodway relocation.

  ♦ A net $28 million reduction in amortization, inventory consumption and loss on asset disposal expense.

- Several spending highlights included:

  ♦ $368 million allocated to provincial highway maintenance and preservation.

  ♦ $157 million for three Alberta Innovates corporations to support research, innovation and technology commercialization.

  ♦ $126 million in casino revenue was provided to First Nations through the First Nations Development Fund.

  ♦ Allocated $10 million, as part of an $85 million ten-year commitment, to help Métis Settlements achieve self-sustainability.

  ♦ $86 million for various workforce strategies, including $16 million in Canada-Alberta Job Grant funding for over 11,000 training courses.

  ♦ $68 million in Alberta tourism promotion.

  ♦ 90 grants totalling $47 million under the Alberta Media Fund for screen-based productions, book and magazine publishing and sound recording.

  ♦ $42 million for Occupational Health and Safety (OHS) programs. Over 9,500 OHS inspections were conducted and 9,000 orders issued.

  ♦ $24 million in grants from the Community Initiatives and Other Initiatives programs.

  ♦ $23 million for 978 Alberta Foundation for the Arts grants supporting artists and arts promotion.

  ♦ $22 million for sports development and athletic excellence, and $3 million supported 24 recreation associations and 16 physical-living organizations.

  ♦ $14 million for Employment Standards programs. 5,400 claims were received and almost $5 million in unpaid earnings were recovered for Albertans.

  ♦ $12 million in settlement and language training services to assist newcomers, including refugees, acclimatize in Alberta.

- Policy and other initiatives included:

  ♦ Commenced a three-stage review of Alberta government agencies, boards and commissions, with the first phase examining the 136 agencies subject to the *Alberta Public Agencies Governance Act*. The second phase will consider the 146 agencies not governed by that Act, while the third phase will focus on the boards of governors at public post-secondary instiutions.

- Established the new Status of Women Ministry, to lead initiatives promoting greater gender equality.
- Adjusted the general minimum wage from $10.20 per hour to $11.20 on October 1, 2015, with continued consultations with stakeholders planned on the goal of moving to $15 per hour by 2018.
- Established the Royalty Review Advisory Panel to consult and make recommendations on modernizing Alberta's royalty framework. The recommendations are being implemented, and will create a simpler, more transparent and efficient system, which is intended to be revenue neutral.
- Signed a new ten-year funding agreement effective April 1, 2016 with Horse Racing Alberta which reduces the portion it receives from Racing Entertainment Centres gaming revenue from 51.7% to 50% in 2016-17, 45% in 2017-18 and then 40% in 2018-19 and thereafter.
- Reviewed policies, programs and legislation for implications arising from the *United Nations Declaration on the Rights of Indigenous Peoples*, and began exploring options for implementing its principles and objectives in concert with indigenous leaders and other groups.
- Launched MyAlberta digital ID and eServices in July 2015 to provide Albertans with secure access for online payment for government services.

## GENERAL DEBT SERVICING COSTS

- General debt servicing costs primarily represent interest paid on: the lending operations of Alberta Capital Finance Authority (ACFA) and Agriculture Financial Services Corporation (AFSC), borrowing undertaken to repay the Teachers' Pension Plan debt, and unmatured debt.
- 2015-16 general debt servicing costs were $330 million, a net increase of $4 million from budget, due to a revised forecast, partly offset by lower AFSC borrowing, but have decreased by $40 million from 2014-15, due mainly to more favourable results from ACFA debt interest rate swaps (ACFA interest income revenue is also lower, due to a similar swing in loan interest rate swaps).

## CAPITAL PLAN DEBT SERVICING COSTS

- Capital Plan debt servicing costs represent interest paid on direct borrowing, set by markets at time of issuance, and alternatively-financed public-private partnerships, set out in contracts.
- 2015-16 debt servicing costs were $446 million, an increase of $94 million from 2014-15, due to more direct debt, but were $6 million less than budget due mainly to the timing of borrowing.

## PENSION PROVISIONS

- Public sector pension plan liabilities decreased by $630 million, to $10.6 billion at March 31, 2016.
- The improvement reflected decreases to inflation rate and salary escalation assumptions, the impact on most plans of relatively healthy financial markets returns in 2015, and the maturing of the pre-1992 Teachers' Pension Plan (TPP).
- Liabilities for pre-1992 and other closed plan obligations account for 86% of the government obligation, with the pre-1992 TPP unfunded liability accounting for 76%.

### Pension Liabilities (at March 31)

**Government obligations for pension plan liabilities**
*(millions of dollars)*

| | 2016 | 2015 |
|---|---|---|
| Teachers' Pension Plans | | |
| – Pre-1992 unfunded liabiiity | **8,082** | 8,432 |
| – Post-1992 unfunded liability | **614** | 637 |
| Public Service Mgmt. (closed, pre-1992) | **553** | 595 |
| Local Authorities | **373** | 489 |
| Universities Academic (pre-1992) | **280** | 314 |
| Universities Academic | **244** | 231 |
| Public Service | **200** | 249 |
| Special Forces (pre-1992) | **90** | 91 |
| Supplementary Executive Retirement Plans | **57** | 54 |
| Members of the Leg. Assembly (Closed) | **42** | 46 |
| Public Service Mgmt. (Supplementary) | **16** | 17 |
| Management Employees | **-** | 26 |
| Provincial Judges and Masters in Chambers | **15** | 15 |
| **Total Pension Liabilities** | **10,566** | **11,196** |

# CAPITAL PLAN

**The Capital Plan** supported $6.6 billion in projects in 2015-16, $377 million higher than in 2014-15, but a $1.3 billion decrease from the *Budget 2015* estimate.

- The increase from 2014-15 was mainly due to progress on school and carbon capture and storage projects, re-profiling from 2014-15 to 2015-16 for the Calgary ring road and additional supportive living projects, partly offset by a decrease in Municipal Sustainability Initiative grants, as MSI grants were augmented in 2014-15.
- The decrease from budget was mainly due to re-profiling of health, school, post-secondary, carbon capture and storage, transportation, flood recovery and mitigation, and other projects to future years, due to slower progress. No projects were cancelled.

## Capital Plan

*(millions of dollars)*

| | 2015-16 | | 2014-15 | Change from | |
|---|---|---|---|---|---|
| **BY MINISTRY** | **Budget** | **Actual** | **Actual** | **Budget** | **2014-15 Actual** |
| Advanced Education | 876 | **767** | 773 | (109) | (6) |
| Agriculture and Forestry | 53 | **50** | 60 | (3) | (10) |
| Culture and Tourism | 41 | **40** | 48 | (1) | (8) |
| Economic Development and Trade | 5 | **5** | 5 | - | - |
| Education | 1,333 | **1,060** | 358 | (273) | 702 |
| Energy | 305 | **176** | 79 | (129) | 97 |
| Environment and Parks | 103 | **41** | 46 | (62) | (5) |
| Health | 916 | **663** | 664 | (253) | (1) |
| Human Services | 7 | **6** | 5 | (1) | 1 |
| Indigenous Relations | 11 | **18** | 11 | 7 | 7 |
| Infrastructure | 445 | **232** | 233 | (213) | (1) |
| Justice and Solicitor General | 70 | **54** | 96 | (16) | (42) |
| Labour | 1 | **3** | 1 | 2 | 2 |
| Municipal Affairs | 1,118 | **1,142** | 1,869 | 24 | (727) |
| Seniors and Housing | 178 | **143** | 102 | (35) | 41 |
| Service Alberta | 46 | **41** | 39 | (5) | 2 |
| Transportation | 2,025 | **1,906** | 1,633 | (119) | 273 |
| Treasury Board and Finance | 33 | **22** | 30 | (11) | (8) |
| Legislative Assembly | 2 | **1** | - | (1) | 1 |
| **Total excluding 2013 Alberta flood assistance** | **7,570** | **6,367** | **6,053** | **(1,203)** | **314** |
| **2013 Alberta flood assistance** | | | | | |
| Culture and Tourism | - | **-** | 1 | - | (1) |
| Education | 10 | **-** | 5 | (10) | (5) |
| Environment and Parks | 173 | **110** | 57 | (63) | 53 |
| Infrastructure | 11 | **5** | 1 | (6) | 4 |
| Municipal Affairs | 14 | **17** | 25 | 3 | (8) |
| Seniors and Housing | 1 | **-** | 4 | (1) | (4) |
| Transportation | 85 | **59** | 35 | (26) | 24 |
| **Total 2013 Alberta flood assistance** | **293** | **191** | **127** | **(102)** | **64** |
| **Total Capital Plan** | **7,863** | **6,558** | **6,181** | **(1,305)** | **377** |
| **Capital Plan Financing** | | | | | |
| Cash received for capital purposes | 575 | **405** | 483 | (170) | (78) |
| Retained income of funds and agencies for capital purposes | 167 | **95** | 138 | (72) | (43) |
| Book value of capital asset disposals / other | - | **32** | 41 | 32 | (9) |
| Alternative financing (P3s - public-private partnerships) | 143 | **143** | 199 | - | (56) |
| Direct borrowing | 5,958 | **7,016** | 3,021 | 1,058 | 3,995 |
| SUCH sector self-financed | 1,020 | **759** | 291 | (261) | 468 |
| Transfers from / (to) Capital Plan financing account / surplus cash | - | **(1,892)** | 2,008 | (1,892) | (3,900) |
| **Total Capital Plan Financing** | **7,863** | **6,558** | **6,181** | **(1,305)** | **377** |

- $1.6 billion for the highway network, including:
  - $367 million for Edmonton's Anthony Henday Drive, scheduled for completion in fall 2016.
  - $369 million for the southwest section of Calgary's ring road, which is about 70% complete.
  - $239 million for Highway 63, with 237 out of 240 kilometers twinned.
  - $309 million for interchanges and other projects, $278 million for rehabilitation of 860 kilometers of roads, and $29 million for bridge projects.
- $1.4 billion in municipal support:
  - $499 million Municipal Sustainability Initiative grants, $26 million Alberta Community Partnership grants to support regional collaboration and capacity, and $56 million in federal Small Communities Fund grants.
  - $350 million in Basic Municipal Transportation Grants, $208 million under the federal Gas Tax Fund, $185 million in GreenTRIP grants for transit systems and $30 million through Municipal Transit Initiatives for Edmonton's Valley Line LRT.
  - $62 million for water supply and treatment, and wastewater systems.
- $964 million for school construction, including $51 million for modular classrooms to accelerate meeting demand for educational spaces. Five of the 120 projects announced in 2013-14 were finished, with the majority of the remainder in construction and expected to be completed in 2016-17. The 77 projects announced in 2014-15 are in various stages of planning, design, tender and construction, with many anticipated to be built by 2017-18.
- $767 million for post-secondary facilities and equipment. This includes funding of $162 million for expansion and upgrading and $61 million for maintenance and renewal, and $541 million in other projects self-funded by institutions and donations. Major projects included the Grant MacEwan University Centre for Arts and Culture, Calgary Shulich School of Engineering, NAIT Centre for Applied Technology, Mount Royal University Library and Learning Centre, residences and other projects in Lethbridge, Red Deer, Calgary and Edmonton.
- $663 million for health facilities and equipment. Completed the lab services project in Calgary's Foothills Medical Centre, major redevelopments of health centres in Raymond, Taber and Edson (acute care), and the Chinook Regional Hospital. Continued work on health facility projects in Grande Prairie, High Prairie, Medicine Hat, Fort McMurray, Edmonton and Calgary. Planning continues for the Calgary Cancer Centre project.
- $191 million for 2013 flood recovery and mitigation.
- $159 million in carbon capture and storage grants, $130 million lower than budget but $106 million higher than 2014-15. The variances are due to construction progress. Total support so far has been $462 million.
- $74 million for seniors and family housing preservation and renewal, and $49 million for affordable supportive living projects for seniors.
- Lottery funding of $36 million for 492 Community Facility Enhancement projects.
- $19 million for maintenance and renewal of parks.
- $8 million in federal ecoTrust initiatives to reduce greenhouse gas emissions, $6 million for land conservation and $5 million from the Climate Change and Emissions Management Fund for the Municipal Climate Change Action Centre.

## CAPITAL PLAN FINANCING

- $405 million in cash received for capital projects comprised $329 million in federal funding and $76 million from donations, the Lottery Fund and other sources.
- $95 million of retained income of entities like Alberta Social Housing Corporation, regulatory and other agencies funded their capital spending.
- Capital assets with a net book value of $32 million on the balance sheet were disposed of, resulting in a cash source of $32 million for the Capital Plan.
- Public-private partnerships for the ring roads provided $143 million.
- School boards, universities and colleges and the Health Authority self-funded $759 million of capital spending.
- $7 billion in direct borrowing was undertaken in 2015-16. This amount exceeded final actual cash requirements by $1,892 million. This cash is set aside to finance future Capital Plan requirements.

## Revenue

*(millions of dollars)*

| | 2015-16 | | 2014-15 | Change from | |
|---|---|---|---|---|---|
| | **Budget** | **Actual** | **Actual** | **Budget** | **2014-15 Actual** |
| **Income Taxes** | | | | | |
| Personal income tax | 12,047 | **11,357** | 11,042 | (690) | 315 |
| Corporate income tax | 4,745 | **4,195** | 5,796 | (550) | (1,601) |
| | **16,792** | **15,552** | **16,838** | **(1,240)** | **(1,286)** |
| **Other Taxes** | | | | | |
| Education property tax | 2,253 | **2,255** | 2,102 | 2 | 153 |
| Fuel tax | 1,434 | **1,370** | 944 | (64) | 426 |
| Tobacco tax | 1,041 | **980** | 896 | (61) | 84 |
| Insurance taxes | 407 | **403** | 393 | (4) | 10 |
| Freehold mineral rights tax | 87 | **79** | 172 | (8) | (93) |
| Tourism levy | 85 | **81** | 91 | (4) | (10) |
| | **5,307** | **5,168** | **4,598** | **(139)** | **570** |
| **Non-Renewable Resource Revenue** | | | | | |
| Bitumen royalty | 1,547 | **1,223** | 5,049 | (324) | (3,826) |
| Crude oil royalty | 536 | **689** | 2,245 | 153 | (1,556) |
| Natural gas and by-products royalty | 343 | **493** | 989 | 150 | (496) |
| Bonuses and sales of Crown leases | 181 | **203** | 476 | 22 | (273) |
| Rentals and fees / coal royalty | 160 | **181** | 188 | 21 | (7) |
| | **2,768** | **2,789** | **8,948** | **21** | **(6,159)** |
| **Transfers from Government of Canada** | | | | | |
| Canada Health Transfer | 3,967 | **4,014** | 3,601 | 47 | 413 |
| Canada Social Transfer | 1,513 | **1,516** | 1,452 | 3 | 64 |
| Direct transfers to SUCH sector | 484 | **404** | 321 | (80) | 83 |
| Agriculture support programs | 313 | **308** | 288 | (5) | 20 |
| Infrastructure support | 289 | **267** | 341 | (22) | (74) |
| 2013 Alberta flood assistance | - | **(70)** | (423) | (70) | 353 |
| Other (includes labour market agreements) | 418 | **703** | 402 | 285 | 301 |
| | **6,984** | **7,142** | **5,982** | **158** | **1,160** |
| **Investment Income** | | | | | |
| Alberta Heritage Savings Trust Fund | 1,719 | **1,388** | 1,825 | (331) | (437) |
| Endowment funds | 355 | **347** | 354 | (8) | (7) |
| Alberta Capital Finance Authority | 196 | **184** | 225 | (12) | (41) |
| Agriculture Financial Services Corporation | 133 | **132** | 132 | (1) | - |
| Other (includes Contingency Account and SUCH sector) | 417 | **493** | 577 | 76 | (84) |
| | **2,820** | **2,544** | **3,113** | **(276)** | **(569)** |
| **Net Income from Government Business Enterprises** | | | | | |
| AGLC – Gaming / lottery | 1,545 | **1,553** | 1,526 | 8 | 27 |
| AGLC – Liquor | 851 | **856** | 767 | 5 | 89 |
| Alberta Treasury Branches | 283 | **108** | 325 | (175) | (217) |
| Other (CUDGCo / APMC / PSI entities) | 57 | **53** | 47 | (4) | 6 |
| | **2,736** | **2,570** | **2,665** | **(166)** | **(95)** |
| **Premiums, Fees and Licences** | | | | | |
| Post-secondary institution tuition fees | 1,138 | **1,158** | 1,116 | 20 | 42 |
| Health Services / school board fees and charges | 669 | **702** | 672 | 33 | 30 |
| Motor vehicle licences | 525 | **517** | 516 | (8) | 1 |
| Crop, hail and livestock insurance premiums | 314 | **299** | 307 | (15) | (8) |
| Energy industry levies | 306 | **303** | 292 | (3) | 11 |
| Land titles | 90 | **80** | 91 | (10) | (11) |
| Other | 645 | **515** | 570 | (130) | (55) |
| | **3,687** | **3,574** | **3,564** | **(113)** | **10** |
| **Other** | | | | | |
| SUCH sector sales, retals and services | 903 | **971** | 850 | 68 | 121 |
| SUCH sector fundraising, donations, gifts, contributions | 564 | **738** | 667 | 174 | 71 |
| AIMCo investment management charges | 257 | **267** | 264 | 10 | 3 |
| Fines and penalties | 260 | **256** | 146 | (4) | 110 |
| Refunds of expense | 141 | **229** | 1,106 | 88 | (877) |
| Climate change and emissions management | 91 | **200** | 77 | 109 | 123 |
| Miscellaneous | 478 | **500** | 663 | 22 | (163) |
| | **2,694** | **3,161** | **3,773** | **467** | **(612)** |
| **Total Revenue** | **43,788** | **42,500** | **49,481** | **(1,288)** | **(6,981)** |

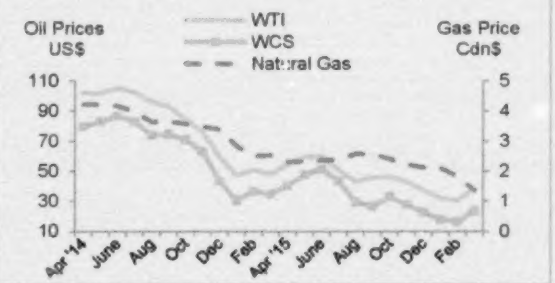
## TOTAL REVENUE

- Total 2015-16 revenue was $42.5 billion, a decrease of $7 billion from 2014-15 and down $1.3 billion from budget, driven mainly by the collapse and ongoing weakness in global oil prices.
- The decrease from 2014-15 is due primarily to lower resource revenue, corporate income tax, investment income, Alberta Treasury Branch (ATB) net income, and unusually large "Refunds of expense" revenue in 2014-15 mainly related to revising the estimate for 2013 flood assistance reported in 2013-14. These were partially offset by higher personal income, fuel and tobacco tax revenue due to implemented changes and rate increases, and an increase in federal transfers, in part due to a one-time Fiscal Stabilization payment in 2015-16 and to 2014-15 revenue being reduced from revising the estimate for 2013 flood assistance and related federal revenue reported in 2013-14.
- The decrease from budget was due mainly to lower income and other tax revenue, investment income and ATB net income, partially offset by higher federal transfers, SUCH sector donations and Climate Change and Emissions Management Fund compliance payments.

## NON-RENEWABLE RESOURCE REVENUE

- Non-renewable resource revenue was $2.8 billion, $6.2 billion lower than 2014-15 but close to the *Budget 2015* estimate.
- The decline from 2014-15 was primarily due to the sharp drop in oil prices and continued weakness in 2015-16. The West Texas Intermediate (WTI) price fell from a high of US$105 per barrel in June 2014 to the mid-$40s in 2015, and averaged about $35 for the last four months of 2015-16. Acceleration of global supply growth, from OPEC and North American production, and sluggish demand growth, due to deceleration of developing economies precipitated the slide, and prices have remained low due to continued oversupply.

**Oil and Natural Gas Prices 2014-16**



- WTI averaged US$45 per barrel, about $5 below the budget estimate and $35 lower than 2014-15. Heavy oil prices were also down. Western Canadian Select (WCS) averaged Cdn$40.86 per barrel, $5.64 less than budget and almost $30 less than 2014-15. The light-heavy differential was fairly stable during 2015-16, averaging US$13.40.
- The US-Canadian dollar exchange rate averaged US¢76.5/Cdn$ in 2015-16, 1.5 cents lower than the *Budget 2015* estimate, due mainly to the US economy's relative strength. A lower exchange rate increases oil and natural gas royalty revenue.
- Bitumen royalties were $324 million lower than estimated in *Budget 2015* due to the lower oil prices. Crude oil royalties were up $153 million, even with lower prices, due to higher royalty rates from revisions to well productivity assumptions.
- Natural gas prices were also weak. The Alberta Reference Price averaged Cdn$2.21 per gigajoule, $1.30 below 2014-15 and 37 cents below budget. The weakness arose from a cooler-than-normal 2015 summer, lack of supply disruptions from hurricanes, increasing US production, and a warmer-than-average winter. By-product prices track oil prices, so were down as well. Natural gas and by-product royalties decreased $496 million from 2014-15 due the lower prices, but increased by $150 million from budget due to higher production, lower royalty program costs and positive prior-years' adjustments.

**Energy Prices and Exchange Rates**

*Fiscal year averages, 2003-04 to 2015-16*

| | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Oil Price (WTI US$/bbl) | 31.38 | 45.03 | 59.94 | 64.89 | 82.25 | 85.94 | 70.71 | 83.38 | 97.33 | 92.07 | 99.05 | 80.48 | 45.00 |
| WCS @ Hardisty (Cdn$/bbl) | - | - | 44.35 | 52.84 | 59.30 | 74.36 | 66.08 | 66.70 | 80.72 | 68.48 | 80.11 | 70.78 | 40.86 |
| Natural Gas Price (Cdn$/GJ) | 5.45 | 6.05 | 8.29 | 5.94 | 5.92 | 6.97 | 3.58 | 3.28 | 2.98 | 2.28 | 3.28 | 3.51 | 2.21 |
| Exchange rate (US¢/Cdn$) | 74.0 | 78.4 | 83.9 | 87.9 | 97.1 | 89.6 | 91.9 | 98.4 | 100.7 | 99.9 | 95.0 | 88.0 | 76.5 |

- Crown land lease sales revenue was $203 million. The $273 million decrease from 2014-15 was due to lower prices per hectare, while the $22 million increase from budget was due to higher prices per hectare partly offset by fewer hectares being sold.

## TAX REVENUE

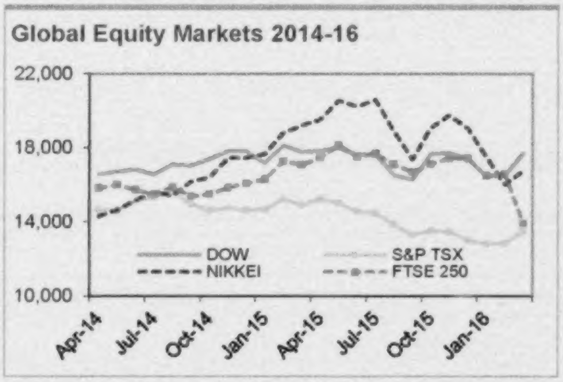
- Total tax revenue was $20.7 billion, a decrease of $716 million from 2014-15 and $1.4 billion from the *Budget 2015* estimate.
- Personal income tax revenue was $11.4 billion, an increase of $315 million from 2014-15 due to the higher tax rates, but a decrease of $690 million from budget, due to reduced primary household incomes. This includes a positive prior years' adjustment of $109 million (in 2014-15, it was $91 million) from higher 2014 assessments that mean reported 2013-14 and 2014-15 revenue was underestimated, elevating the base for forecasting 2015-16 revenue and requiring the adjustment.
- Corporate income tax revenue was $4.2 billion, down $1.6 billion from 2014-15 and $550 million from budget, due to the impact of low oil prices on corporate profits and a negative adjustment for expected refund liabilities.
- Other tax revenue was $5.2 billion, an increase of $570 million from 2014-15, but $139 million lower than budget. The increase from 2014-15 was almost entirely due to the fuel and tobacco tax rate increases, while the decrease from budget was mainly due to lower consumption.

## TRANSFERS FROM GOVERNMENT OF CANADA

- Total of $7.1 billion, $1.2 billion higher than 2014-15 and $158 million higher than budget.
- The increase from 2014-15 was mainly due to a slightly higher share of Canada's population in 2015-16, annual growth in overall entitlements and positive prior-years' adjustments for the Health and Social transfers, a net $353 million increase from revising 2013 flood assistance revenue reported in 2013-14, and a one-time Fiscal Stabilization payment of $251 million in 2015-16. The increase from budget was primarily from the Fiscal Stabilization payment.

## INVESTMENT INCOME

- Investment income was $2.5 billion, $569 million lower than 2014-15, and $276 million lower than budget. The decrease from 2014-15 reflects the strong global equity markets in 2013, which boosted income in 2013-14 and 2014-15. The decrease from budget reflects weakness in equity markets in the second half of the fiscal year.


**Global Equity Markets 2014-16**

## OTHER REVENUE

- Other revenue was $9.3 billion.
- The $697 million decrease from 2014-15 includes:
  - ♦ Decreases of $217 million in ATB net income, $55 million in other premiums fees and licences primarily from ATB's payment in lieu of taxes, $877 million in refunds of expense from revising 2013 flood assistance reported in 2013-14, and $163 million in miscellaneous revenue mainly from lower land sales and reporting a gain on the Fort McMurray land exchange in 2014-15.
  - ♦ Increases of $116 million in gaming and liquor revenue, partly from increased liquor mark-ups, $192 million in SUCH sector sales and donations revenue, partly from changing accounting policy to include $84 million in endowment donations in revenue in 2015-16 but not restating revenue in 2014-15, $110 million in fines and penalties from the increased traffic fines, and $123 million in Climate Change and Emissions Management (CCEMF) compliance payments.
- The $188 million increase from budget includes:
  - ♦ Decreases of $175 million in ATB net income and $130 million in other premiums fees and licences primarily from lower timber royalties and ATB's payment in lieu of taxes.
  - ♦ Increases of $242 million in SUCH sector sales and donations revenue, $88 million in refunds of expense due to another revision in 2015-16 to 2013 flood assistance reported in 2013-14, and $109 million in CCEMF payments.

## ECONOMIC HIGHLIGHTS

**(Calendar Year Basis)**

After five years of exceptional growth, the Alberta economy contracted by an estimated 3.7% in 2015, due to the plunge in oil prices in the second half of 2014 and ongoing weakness through most of 2015. While momentum from Alberta's economic strength in prior years supported activity in the first half of 2015, weakness spread beyond the energy sector to the broader economy as the year progressed.

The West Texas Intermediate (WTI) oil price averaged about US$49 per barrel in 2015, down from the 2014 average of US$93 per barrel, as global oversupply continued. The Western Canadian Select (WCS) price, the benchmark for oil sands heavy oil blends, averaged US$35 per barrel in 2015, down from US$74 in 2014, as the WTI-WCS differential remained stable.

Lower oil prices discouraged energy investment, especially for conventional oil and gas activity. Rigs drilling declined by over 50%, reaching depths not seen since 1992. Major oil sands projects continued, but with enhanced cost containment and slower development. Expanding bitumen production supported an 11% increase in oil exports, but low prices depressed the value of oil exports by 31%.

The slowdown in the energy sector spread to most other sectors. Manufacturing shipments fell 14%, while total exports dropped 24%. Non-energy capital investment declined 1.8%, with private sector expenditures down 6%, partly offset by a 14% public sector spending increase. Bright spots included a 3% increase in agri-food exports, expansion in food manufacturing capacity, a 4% increase in forestry product exports, and healthy leisure tourism activity, with resort occupancy rates at eight-year highs. These were aided by the weaker Canadian-US dollar exchange rate, and a solid US economy.

Alberta's labour market was hard hit by the downturn. As activity slowed, employers reduced hours and employment. While employment grew 1.2% overall in 2015, due to early momentum from 2014, job losses occurred in the second half and the unemployment rate hit 7% in December 2015. Average weekly earnings fell for the first time in 20 years and primary household income grew just 0.3%. Net migration slowed from 80,300 in 2014, to 42,000 in 2015. Population growth was 1.8%.

The retrenchment in business investment and poor labour market deterred consumers. Almost all major categories of retail sales experienced declines. Existing home sales dropped sharply in January 2015, and were 21% lower in 2015 than 2014. While housing starts remained strong early in 2015, they weakened considerably during the year and ended up 8% lower than in 2014.

## TAX HIGHLIGHTS

To improve sustainability of funding for programs, and effect policy changes including altering the distribution of revenue collected, the government implemented a number of changes broadening the revenue raised from taxes, continued several increases initiated by the previous government, but cancelled the planned health levy and other fee increases.

- The single-rate personal income tax was changed to a multi-rate structure, increasing progressivity and revenue, effective January 1, 2015.
- The general corporate income tax rate was raised from 10% to 12%, effective July 1, 2015.
- The tobacco tax was increased by $5 per carton effective October 28, 2015, to further discourage consumption. This followed a $5 per carton increase implemented March 27, 2015.
- The locomotive fuel tax was increased by 4 cents per litre effective November 1, 2015. This followed a 4 cents per litre increase to other fuel taxes implemented March 27, 2015.
- Legislation was also passed to increase the Insurance Premiums Tax rate from 2% to 3% effective April 1, 2016.

To provide more benefits to lower and middle-income families, a new Alberta Child Benefit and enhancements to the existing Alberta Family Employment Tax Credit were developed. Legislation was passed to implement these effective July 1, 2016.

After these changes, Albertans still enjoy a significant tax advantage relative to other jurisdictions, with no general sales or payroll taxes, or health care premiums. If Alberta had the same tax structure as the next lowest-taxed province in 2015, Albertans and Alberta businesses would have paid $8.5 billion more in taxes.

## NET FINANCIAL AND CAPITAL ASSETS

At March 31, 2016, Government of Alberta financial and capital assets exceeded liabilities by $48.5 billion.

This was $6.7 billion lower than March 31, 2015. A reduction of $9.2 billion in net financial assets, mainly due to a $7.1 billion increase in Capital Plan liabilities and a $2.9 billion decrease in the Contingency Account balance, is partly offset by a net $2.5 billion increase in capital / non-financial assets.

### FINANCIAL ASSETS

$64 billion at March 31, 2016.

- **Heritage Fund.** $15.2 billion book value, an increase of $209 million from March 31, 2015, from inflation-proofing of 1.4% (Alberta CPI).
- **Contingency Account.** $3.6 billion, a decrease of $2.9 billion from March 31, 2015. This balance exceeds the amount determined from the final 2015-16 results by $695 million. This additional cash will be withdrawn during 2016-17, leaving the Account balance at $2.9 billion, while "Other financial assets" would be $695 million higher than what is reported at March 31, 2016.
- **Endowment and other funds.** $4.1 billion, a $193 million increase from March 31, 2015, from net investment income. Includes the three endowment funds, Cancer Prevention Legacy Fund and Alberta Enterprise Corporation.
- **Self-supporting lending organizations.** $20.2 billion in financial assets of Alberta Capital Finance Authority and Agriculture Financial Services Corporation. These assets more than offset the liabilities of these organizations.
- **Equity in commercial enterprises.** $3.8 billion, primarily equity in Alberta Treasury Branches.
- **Student loans.** $1.7 billion, a $362 million increase from March 31, 2015. $537 million in loans were provided, $139 million in loans were repaid, while loss provisions and amortization of loan relief amounted to a net $36 million.
- **Capital Plan financing account.** The amount borrowed in 2015-16 exceeded net capital spending cash requirements by $1,892 million. These funds will be available for future capital plan cash requirements.
- **Other financial assets.** $13.5 billion, with an additional $695 million due from the Contingency Account based on final 2015-16 results determined after March 31, 2016. This includes financial assets of school boards, universities and colleges and the health authority, and accounts and interest receivable, natural gas royalty deposits and cash associated with future liabilities such as corporate income tax refunds.

### LIABILITIES

$60.1 billion at March 31, 2016.

- **Liabilities for capital projects.** $19 billion, a $7.1 billion increase from March 31, 2015, due to $7 billion in direct borrowing and the addition of $143 million in P3 project liabilities, less $41 million in principal repayments.
- **Debt issued to reduce the pre-1992 Teachers' Pension Plan (TPP) liability.** $944 million remains of the $1.2 billion borrowed in 2009-10 as part of the financial restructuring of the Plan.
- **Self-supporting lending organizations.** $17.9 billion in liabilities of Alberta Capital Finance Authority and Agriculture Financial Services Corporation are more than offset by their $20.2 billion in financial assets.
- **Pension liabilities.** $10.6 billion, a decrease of $630 million from March 31, 2015.
- **Other liabilities.** $11.7 billion. Includes liabilities of school boards, universities and colleges and the health authority, natural gas royalty and security deposits, unearned revenue, estimated corporate income tax refunds, and trade payables.

### CAPITAL / OTHER NON-FINANCIAL ASSETS

$47.3 billion at March 31, 2016.

- $46.7 billion in capital assets include land and land improvements, buildings, computer hardware and software, equipment, provincial highways, bridges, dams and other water management infrastructure.
- Capital assets increased by a net $2.4 billion in 2015-16, with $4.6 billion in capital investment, less $2.2 billion in amortization and disposals.
- Other non-financial assets comprise $372 million in inventory assets and $242 million in prepaid expenses. Acquisition of inventory assets exceeded consumption by $152 million in 2015-16.

## Balance Sheet

*(millions of dollars)*

| | at March 31 | | |
|---|---|---|---|
| | **2016 Actual** | **2015 Actual** | **Change from 2015** |
| **Financial Assets** | | | |
| Alberta Heritage Savings Trust Fund | **15,170** | 14,961 | 209 |
| Endowment funds: | | | |
| Alberta Heritage Foundation for Medical Research | **1,499** | 1,414 | 85 |
| Alberta Heritage Science and Engineering Research | **892** | 844 | 48 |
| Alberta Heritage Scholarship | **1,108** | 1,063 | 45 |
| Other funds (Ab. Cancer Prevention Legacy / Ab. Enterprise Corporation) | **593** | 578 | 15 |
| Contingency Account | **3,625** | 6,529 | (2,904) |
| Self-supporting lending organizations: | | | |
| Alberta Capital Finance Authority | **15,584** | 15,062 | 522 |
| Agriculture Financial Services Corporation | **4,620** | 4,353 | 267 |
| Equity in commercial enterprises | **3,829** | 3,692 | 137 |
| Student loans | **1,723** | 1,361 | 362 |
| Capital Plan financing account | **1,892** | - | 1,892 |
| Other financial assets (including SUCH sector) | **13,490** | 16,220 | (2,730) |
| **Total Financial Assets** | **64,025** | **66,077** | **(2,052)** |
| **Liabilities** | | | |
| Liabilities for capital projects: | | | |
| Direct borrowing | **16,309** | 9,293 | 7,016 |
| Alternative financing (P3s) | **2,731** | 2,629 | 102 |
| Debt issued to reduce pre-1992 TPP unfunded liability | **944** | 943 | 1 |
| Self-supporting lending organizations: | | | |
| Alberta Capital Finance Authority | **15,584** | 15,062 | 522 |
| Agriculture Financial Services Corporation | **2,357** | 2,239 | 118 |
| Pension liabilities | **10,566** | 11,196 | (630) |
| Other liabilities (including SUCH sector) | **11,653** | 11,661 | (8) |
| **Total Liabilities** | **60,144** | **53,023** | **7,121** |
| **Net Financial Assets** (total financial assets less total liabilities) | **3,881** | **13,054** | **(9,173)** |
| **Capital / Other Non-financial Assets** | **47,311** | **44,753** | **2,558** |
| Deferred capital contributions | **(2,650)** | (2,556) | (94) |
| **Net Assets** (net financial assets + capital assets - deferred capital contribtions) | **48,542** | **55,251** | **(6,709)** |
| **Change in Net Assets**[a] | **(6,709)** | **1,380** | |

[a] Change in Net Assets differ from the reported surplus / (deficit) numbers due to net assets adjustments (see Note 9, p. 44).

## Historical Fiscal Summary, 2008-09 to 2015-16[a]

*(millions of dollars)*

| | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 Actual |
|---|---|---|---|---|---|---|---|---|---|
| | **Income Statement** | | | | | | | | |
| | **Revenue** | | | | | | | | |
| 1 | Personal income tax | 8,708 | 7,877 | 7,631 | 8,563 | 9,621 | 10,537 | 11,042 | 11,357 |
| 2 | Corporate income tax | 4,252 | 4,754 | 3,334 | 3,678 | 4,756 | 5,488 | 5,796 | 4,195 |
| 3 | Other tax revenue | 3,817 | 3,746 | 3,820 | 4,099 | 4,333 | 4,500 | 4,598 | 5,168 |
| 4 | Resource revenue | 11,915 | 6,768 | 8,428 | 11,636 | 7,779 | 9,578 | 8,948 | 2,789 |
| 5 | Investment income | (1,888) | 3,541 | 2,486 | 2,168 | 2,595 | 3,423 | 3,113 | 2,544 |
| 6 | Premiums, fees and licences | 3,356 | 2,857 | 2,922 | 2,931 | 3,184 | 3,437 | 2,665 | 3,574 |
| 7 | Other own-source revenue | 4,587 | 4,627 | 4,903 | 5,128 | 5,234 | 5,412 | 7,337 | 5,731 |
| 8 | Total own-source revenue | 34,747 | 34,170 | 33,524 | 38,203 | 37,502 | 42,375 | 43,499 | 35,358 |
| 9 | Federal transfers | 4,578 | 5,342 | 5,452 | 5,192 | 5,042 | 7,059 | 5,982 | 7,142 |
| 10 | **Total Revenue** | **39,325** | **39,512** | **38,976** | **43,395** | **42,544** | **49,434** | **49,481** | **42,500** |
| | **Expense by Function** | | | | | | | | |
| 11 | Health | 13,674 | 14,636 | 15,393 | 16,284 | 17,254 | 17,967 | 19,366 | 19,996 |
| 12 | Basic / advanced education | 10,438 | 11,067 | 11,362 | 11,951 | 12,394 | 12,782 | 13,103 | 13,673 |
| 13 | Social services | 3,417 | 3,807 | 4,129 | 4,278 | 4,641 | 4,668 | 4,548 | 4,752 |
| 14 | Other program expense | 10,386 | 9,734 | 9,269 | 9,683 | 10,528 | 11,600 | 12,395 | 10,375 |
| 15 | Total program expense | 37,915 | 39,344 | 40,327 | 42,366 | 44,817 | 48,387 | 48,048 | 48,796 |
| 16 | Debt servicing costs | 208 | 214 | 472 | 509 | 530 | 601 | 722 | 776 |
| 17 | Pension provisions | 2,133 | 430 | 439 | 634 | 296 | 748 | (404) | (630) |
| 18 | **Total Expense** | **40,256** | **39,988** | **41,238** | **43,509** | **45,643** | **49,736** | **48,366** | **48,942** |
| 19 | **Surplus / (Deficit)** - less risk adjustment beginning 2016-17 | **(931)** | **(476)** | **(2,262)** | **(114)** | **(3,099)** | **(302)** | **1,115** | **(6,442)** |
| | **Capital Plan**[b] | **7,943** | **8,000** | **7,544** | **6,884** | **6,062** | **5,770** | **6,181** | **6,558** |
| | **Balance Sheet (at March 31)** | | | | | | | | |
| 20 | Heritage / endowment funds | 16,900 | 17,077 | 17,500 | 17,936 | 18,176 | 18,562 | 18,860 | 19,262 |
| 21 | Contingency Account | 16,822 | 14,983 | 11,192 | 7,497 | 3,326 | 4,658 | 6,529 | 3,625 |
| 22 | Other financial assets | 28,868 | 30,338 | 30,799 | 32,972 | 34,734 | 40,039 | 40,688 | 41,138 |
| 23 | Capital Plan liabilities | (880) | (2,888) | (3,199) | (3,442) | (4,594) | (8,724) | (11,922) | (19,040) |
| 24 | Pre-1992 Teachers' Pension Plan debt | - | (1,187) | (1,187) | (1,187) | (1,187) | (1,187) | (943) | (944) |
| 25 | Pension obligations | (10,239) | (9,483) | (9,922) | (10,556) | (10,852) | (11,600) | (11,196) | (10,566) |
| 26 | Other liabilities | (19,770) | (21,523) | (23,530) | (24,229) | (25,148) | (28,716) | (28,962) | (29,594) |
| 27 | **Net Financial Assets / (Debt)** | **31,701** | **27,317** | **21,653** | **18,991** | **14,455** | **13,032** | **13,054** | **3,881** |
| 28 | Capital / non-fin. assets - less def. contributions beginning 2012-13 | 30,275 | 34,217 | 37,607 | 40,122 | 39,517 | 40,839 | 42,197 | 44,66 |
| 29 | **Net Assets**[c] | **61,976** | **61,534** | **59,260** | **59,113** | **53,972** | **53,871** | **55,251** | **48,542** |

[a] Numbers are not strictly comparable due to numerous accounting policy changes over time. Examples include reporting certain items (transfers through the tax system, crude oil marketing and transportation costs, allowance for corporate income tax doubtful accounts) as expense, instead of netting the amounts from related revenue, increasing both revenue and expense, but not impacting the surplus / (deficit). 2015-16 revenue includes $84 million in donations to post-secondary and health authority endowments; in prior years donations were not included in revenue but rather were reported as "adjustments to net assets."

[b] Reflects capital grants and other support included in expense, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense. Numbers for 2008-09 to 2013-14 are estimates as details required to consolidate SUCH sector capital spending with full accuracy are not readily available.

[c] The change in net assets / (debt) year over year does not match the surplus / (deficit) exactly in most years, due to various balance sheet adjustments, most of which are minor. A significant adjustment reducing net assets by $2 billion was made in 2012-13, to recognize the accumulated deferred capital contribution liability when the accounting standard was adopted.

# CONSOLIDATED FINANCIAL STATEMENTS

# TABLE OF CONTENTS

## CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE OF ALBERTA

Table of Contents . . . . . . . . . . . . 23
Management's Responsibility for the Consolidated Financial Statements . . . 24
Independent Auditor's Report . . . . . . . . . . . . 25
Consolidated Statement of Operations . . . . . . . . . . . . 26
Consolidated Statement of Financial Position . . . . . . . . . . . . 27
Consolidated Statement of Change in Net Financial Assets . . . . . . . . . . . . 28
Consolidated Statement of Cash Flows . . . . . . . . . . . . 29
Notes to the Consolidated Financial Statements . . . . . . . . . . . . 30
Schedules to the Consolidated Financial Statements . . . . . . . . . . . . 45
  1 Revenues . . . . . . . . . . . . 45
  2 Expenses by Ministry . . . . . . . . . . . . 46
  3 Expenses by Object . . . . . . . . . . . . 47
  4 Cash and Cash Equivalents . . . . . . . . . . . . 47
  5 Portfolio Investments . . . . . . . . . . . . 48
  6 Equity in Government Business Enterprises . . . . . . . . . . . . 49
  7 Loans and Advances . . . . . . . . . . . . 53
  8 Unmatured Debt . . . . . . . . . . . . 53
  9 Debt of Alberta Capital Finance Authority . . . . . . . . . . . . 54
  10 Pension Plans and Other Defined Benefit Plans . . . . . . . . . . . . 55
  11 Deferred Capital Contributions . . . . . . . . . . . . 61
  12 Liabilities Under Public Private Partnership . . . . . . . . . . . . 61
  13 Tangible Capital Assets . . . . . . . . . . . . 63
  14 Listing of Organizations . . . . . . . . . . . . 64
Glossary . . . . . . . . . . . . 69

# Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to the *Financial Administration Act*. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, and of necessity include some amounts that are based on estimates and judgments. As required by the *Fiscal Planning and Transparency Act*, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- Safeguard the assets and properties of the Province of Alberta under government administration.

Under the *Financial Administration Act*, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, provincial agencies, Crown-controlled corporations, schools, universities, colleges, technical institutes, Alberta Health Services and other health entities from ministries as necessary.

The consolidated financial statements are reviewed by the Provincial Audit Committee established under the *Auditor General Act*. The Provincial Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the consolidated financial statements of the Province.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements. The duties of the Auditor General in that respect are contained in the *Auditor General Act*.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved by:

Lorna Rosen, CPA, CMA, MBA
Deputy Minister of Treasury Board and Finance

Darwin Bozek, CPA, CGA
Controller

Edmonton, Alberta
June 22, 2016

# Independent Auditor's Report

AUDITOR GENERAL
*Alberta*

To the Members of the Legislative Assembly

## Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Province of Alberta, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Alberta as at March 31, 2016, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCPA, FCA]

Auditor General
June 22, 2016
Edmonton, Alberta

# Consolidated Statement of Operations

**Year Ended March 31**

| | 2016 | | 2015 |
|---|---|---|---|
| | **Budget**<br>**Note 1(b)** | **Actual** | **Actual** |
| | | ***In millions*** | |
| **Revenues** (Schedule 1) | | | |
| Income taxes | $ 16,792 | $ 15,552 | $ 16,838 |
| Other taxes | 5,307 | 5,168 | 4,598 |
| Non-renewable resource revenue | 2,768 | 2,789 | 8,948 |
| Transfers from Government of Canada | 6,984 | 7,142 | 5,982 |
| Net income from government business enterprises (Schedule 6) | 2,736 | 2,570 | 2,665 |
| Net investment income | 2,820 | 2,544 | 3,113 |
| Premiums, fees and licences | 3,687 | 3,574 | 3,564 |
| Other | 2,694 | 3,161 | 3,773 |
| | 43,788 | 42,500 | 49,481 |
| **Expenses by function** (Schedules 2 and 3) | | | |
| Health | 19,702 | 19,996 | 19,366 |
| Education | 13,495 | 13,673 | 13,103 |
| Social services | 4,814 | 4,752 | 4,548 |
| Agriculture, resource management and economic development | 3,023 | 2,364 | 2,236 |
| General government | 2,184 | 2,161 | 2,289 |
| Protection of persons and property | 2,033 | 2,040 | 1,792 |
| Transportation, communications and utilities | 1,303 | 1,271 | 1,419 |
| Regional planning and development | 1,441 | 1,432 | 2,152 |
| Recreation and culture | 346 | 378 | 347 |
| Environment | 358 | 293 | 276 |
| Housing | 153 | 278 | 269 |
| Debt servicing costs | 778 | 776 | 728 |
| Pension recovery (Schedule 10) | 31 | (630) | (404) |
| 2013 Alberta flood | 245 | 158 | 245 |
| | 49,906 | 48,942 | 48,366 |
| **Annual surplus (deficit)** | **(6,118)** | **(6,442)** | **1,115** |
| **Net assets at beginning of year – as previously reported** | 55,251 | 55,251 | 53,871 |
| Adjustments to net assets (Note 9) | - | (267) | 265 |
| **Net assets at end of year** | $ 49,133 | $ 48,542 | $ 55,251 |

The accompanying notes and schedules are part of these consolidated financial statements.

# Consolidated Statement of Financial Position

**As at March 31**

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| **Financial assets** | | |
| Cash and cash equivalents (Schedule 4) | $ 5,693 | $ 7,863 |
| Accounts and accrued interest receivable | 4,259 | 4,405 |
| Portfolio investments (Schedule 5) | | |
| Operating | 30,081 | 30,708 |
| Endowments (Note 8) | 2,091 | 2,004 |
| Equity in government business enterprises (Schedule 6) | 3,829 | 3,692 |
| Loans and advances (Schedule 7) | 18,023 | 17,217 |
| Inventories for resale | 49 | 188 |
| | 64,025 | 66,077 |
| **Liabilities** | | |
| Accounts and accrued interest payable | 11,936 | 12,057 |
| Unmatured debt (Schedule 8) | 19,463 | 12,353 |
| Debt of Alberta Capital Finance Authority (Schedule 9) | 15,243 | 14,585 |
| Pension liabilities (Schedule 10) | 10,566 | 11,196 |
| Unspent deferred capital contributions (Schedule 11) | 205 | 203 |
| Liabilities under public private partnerships (Schedule 12) | 2,731 | 2,629 |
| | 60,144 | 53,023 |
| **Net financial assets** | 3,881 | 13,054 |
| **Non-financial assets** | | |
| Tangible capital assets (Schedule 13) | 46,697 | 44,287 |
| Inventories of supplies | 372 | 220 |
| Prepaid expenses | 242 | 246 |
| | 47,311 | 44,753 |
| **Net assets before spent deferred capital contributions** | 51,192 | 57,807 |
| Spent deferred capital contributions (Schedule 11) | 2,650 | 2,556 |
| **Net assets** | $ 48,542 | $ 55,251 |

Contractual obligations and contingent liabilities (Notes 5 and 6)

The accompanying notes and schedules are part of these consolidated financial statements.

# Consolidated Statement of Change in Net Financial Assets

**Year Ended March 31**

| | 2016 | | 2015 |
|---|---|---|---|
| | **Budget Note 1(b)** | **Actual** | **Actual** |
| | | *In millions* | |
| Annual surplus (deficit) | $ (6,118) | $ (6,442) | $ 1,115 |
| Acquisition of tangible capital assets | (5,888) | (4,434) | (3,464) |
| Additions to public private partnerships, capital leases and donated capital assets | - | (230) | (288) |
| Amortization of tangible capital assets | 2,261 | 2,215 | 2,211 |
| Net (gain) loss on disposal and write-down of tangible capital assets | - | (4) | 32 |
| Proceeds on sale of tangible capital assets | - | 43 | 57 |
| Change in inventories of supplies | (6) | (152) | (50) |
| Net increase in spent deferred capital contributions | 89 | 94 | 163 |
| Decrease (increase) in prepaid expenses | - | 4 | (26) |
| Change in accumulated unrealized gains (losses) (Schedule 6) | - | (11) | 103 |
| Correction of prior year error (Note 9) | - | (237) | - |
| Increase in endowments (Note 9) | - | - | 173 |
| Other (Note 9) | - | (19) | (4) |
| **Increase (decrease) in net financial assets** | (9,662) | (9,173) | 22 |
| **Net financial assets at beginning of year** | 13,054 | 13,054 | 13,032 |
| **Net financial assets at end of year** | $ 3,392 | $ 3,881 | $ 13,054 |

The accompanying notes and schedules are part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

**Year Ended March 31**

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| **Operating transactions** | | |
| Annual surplus (deficit) | $ (6,442) | $ 1,115 |
| Non-cash items | | |
| Amortization of tangible capital assets | 2,215 | 2,211 |
| Consumption of inventory of supplies | 895 | 865 |
| Deferred capital contributions recognized as revenue | (172) | (155) |
| Pension recovery | (630) | (404) |
| Net income from government business enterprises | (2,570) | (2,665) |
| Other non-cash items included in annual surplus (deficit) | (342) | (372) |
| | (7,046) | 595 |
| (Increase) decrease in accounts and accrued interest receivable, inventory for resale and prepaids | (758) | 1,141 |
| (Decrease) in accounts and accrued interest payable | (121) | (574) |
| Distribution from government business enterprises | 2,422 | 2,262 |
| Other | - | 7 |
| Cash (used) provided by operating transactions | (5,503) | 3,431 |
| **Capital transactions** | | |
| Acquisition of tangible capital assets | (4,434) | (3,464) |
| Proceeds on sale of tangible capital assets | 43 | 57 |
| Cash used by capital transactions | (4,391) | (3,407) |
| **Investing transactions** | | |
| Purchases of portfolio investments | (15,546) | (16,299) |
| Disposals of portfolio investments | 16,185 | 14,678 |
| Loans and advances made | (2,567) | (2,650) |
| Repayment of loans and advances | 1,721 | 1,512 |
| Cash (used) by investing transactions | (207) | (2,759) |
| **Financing transactions** | | |
| Debt retirements | (24,270) | (15,903) |
| Debt issues | 32,022 | 19,453 |
| Restricted capital contributions | 232 | 298 |
| Repayment of liabilities under capital leases and public private partnerships | (42) | (39) |
| Other | (11) | 61 |
| Cash provided by financing transactions | 7,931 | 3,870 |
| **(Decrease) increase in cash and cash equivalents** | (2,170) | 1,135 |
| **Cash and cash equivalents at beginning of year** | 7,863 | 6,728 |
| **Cash and cash equivalents at end of year** | $ 5,693 | $ 7,863 |

The accompanying notes and schedules are part of these consolidated financial statements.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

### (a) REPORTING ENTITY

The financial statements of the Province of Alberta are a consolidation of ministry financial statements, which includes financial statements of departments, regulated funds, government organizations and government business enterprises.

The consolidated financial statements include the accounts of all organizations that are controlled by the Province, listed in Schedule 14.

### (b) METHOD OF CONSOLIDATION

The accounts of government sector entities, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets and liabilities) are included in the government's results. Revenue, expense, capital, investing and financing transactions, as well as related asset and liability balances between consolidated entities have been eliminated.

Public sector accounting standards require that financial statements contain a comparison of the actual and budgeted results for the year. The government's fiscal plan is prepared in accordance with the *Fiscal Planning and Transparency Act* consistent with the scope and accounting policies used in the province's consolidated financial statements. The Consolidated Fiscal Plan documents, which describe the Province's budget for the 2016 fiscal year, were tabled in the Legislature on October 27, 2015.

Schools, colleges, technical institutes, some government business enterprises and some government organizations have year ends that are other than March 31. The significant transactions of these organizations that have occurred during the period between their year ends and the Province's year end of March 31, 2016, have been recorded in these financial statements. Organizations that the Province controls for reporting purposes through its consolidated organizations, but that do not meet the materiality threshold of $6 million in assets, liabilities, revenues or expenses after eliminating inter-entity transactions and balances, are not consolidated in these financial statements. These organizations are reviewed annually to determine if they meet the materiality threshold and after two years of exceeding the threshold will be considered for consolidation.

The accounts of provincial agencies designated as government business enterprises, such as ATB Financial (see Schedule 6), are accounted for on the modified equity basis, with the equity being computed in accordance with the International Financial Reporting Standards. Under the modified equity method, the accounting policies of government business enterprises are not adjusted to conform to those of the government sector entities. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated.

## (c) CHANGE IN ACCOUNTING POLICY

### Endowment Contributions and Reinvested Income

Effective April 1, 2015, endowment contributions, matching contributions and associated investment income allocated for preservation of endowment capital purchasing power are included in other revenue in the Consolidated Statement of Operations and Schedule 1 in the period in which they are received. In prior years, such transactions were recognized as a direct increase to endowments, not through the Statement of Operations, in the period they were received. This change in accounting policy is applied prospectively. Endowment fund assets are reported on a separate line in the Consolidated Statement of Financial Position.

## (d) FUTURE CHANGES IN ACCOUNTING POLICY

### PS 3450 Financial Instruments

Items within the scope of the financial instruments section are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement Gains and Losses.

The Province, including all government components except for some regulated funds that manage their investments on a fair value basis, have not yet adopted this standard. The effective date of this standard has been deferred to April 1, 2019. Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. The Province is currently assessing the impact of these standards on the financial statements.

### Other New Standards

In June 2015, PSAB issued the following accounting standards; Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430). All these standards have an effective date of April 1, 2017 except for Restructuring Transactions (PS3430) with an effective date of April 1, 2018. The Province is currently assessing the impact of these standards on the financial statements.

## (e) BASIS OF FINANCIAL REPORTING

### Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and recorded in accounts and accrued interest payable.

Corporate income tax revenue is recognized when installments are received from taxpayer corporations. Corporate income tax refunds payable are accrued based on the prior year's corporate income tax refunds paid on assessments. Corporate income tax receipts from corporations in anticipation of an upward reassessment of Alberta income tax payable are described as corporate income tax receipts in abeyance and recorded as accounts and accrued interest payable.

The Province calculates an allowance for corporate income taxes based on the difference between the actual corporate income tax receivable and the estimate of the collectability. Corporate income tax receivable is presented net of this allowance. The change in allowance provision is an expense.

Personal income tax is recognized on an accrual basis based on an economic estimate of the various components of personal income tax for the fiscal year. Gross personal income tax growth for the taxation year is a key component of the estimate for the fiscal year.

The provincial tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not report all of their income. The Province has implemented systems and controls in order to detect and correct situations where taxpayers are not complying with the various Acts it administers. These systems and controls include performing audits of taxpayer records when determined necessary. However, such procedures cannot identify all sources of unreported income or other cases of non-compliance with tax laws. The Province does not estimate the amount of unreported tax.

Non-renewable resource revenue is reported based on royalties on oil and gas produced during the year.

The provincial royalty system is predicated on self-reporting where the petroleum and natural gas industry is expected to understand the relevant energy legislation (statutes and regulations) and comply with them. This has an impact on the completeness of revenue when the petroleum and natural gas industry does not fully meet the legislative requirements, for example, by reporting inaccurate or incomplete production data. The Province has implemented systems and controls in order to detect and correct situations where the petroleum and natural gas industry has not complied with the various Acts and regulations the Province administers. These systems and controls, based on areas of highest risk, include performing audits of the petroleum and natural gas industry records when determined necessary. The Province does not estimate the effect of misreported revenue. Any impacts on revenue of refiling by industry are recognized in the year of refiling.

Transfers from the Government of Canada for capital purposes and donated assets are recorded as deferred capital contributions and recognized as revenue over the useful life of the tangible capital assets based on relevant stipulations of the transfer taken together with the actions and communications of the Province. All other transfers, without stipulations for their use, are recognised as revenue when authorized and eligibility criteria (if any) are met.

Endowment contributions, matching contributions, and associated investment income allocated for preservation of endowment capital purchasing power are recorded as other revenue in the Consolidated Statement of Operations in the period in which they are received.

### Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include amortization of acquired tangible capital assets and expenses incurred in accordance with the terms of approved grant programs. Grants are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

Pension expenses comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liabilities, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and losses and changes in actuarial assumptions. Schedule 10 provides additional information on the components of pension expenses and liabilities.

In the Consolidated Statement of Operations, pension costs of government sector entities which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's best estimate of future payments less recoveries.

The estimated increase or decrease for the year in accrued employee vacation entitlements is recorded in the appropriate expense function.

### Financial Assets

Financial assets are the government's financial claims on external organizations and individuals, and inventories for resale at the year end.

Cash includes deposits in banks and cash in transit. Cash equivalents include directly held interest bearing securities with terms to maturity of primarily less than three months.

Portfolio investments authorized by legislation to provide income for the long term or for other special purposes are recorded at cost. Cost includes the amortization of a discount or premium using the straight line method over the life of the investments. Realized gains and losses on disposal of these investments are included in calculating the net operating results for the year. If an investment loses value that is other than a temporary decline, its recorded value is reduced to reflect the loss. The reduced value is deemed to be the new cost.

Endowments are included in financial assets in the Consolidated Statement of Financial Position. Donors have placed restrictions on their contribution to the endowment funds, for example capital preservation.

Loans are recorded at cost less any discounts and allowance for credit loss.

Inventories for resale representing the Province's share of royalty oil in feeder and trunk pipelines are recorded at the lower of cost or net realizable value. Other inventories for resale are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

### Liabilities

Liabilities represent present obligations of the government to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

The value of pension liabilities and associated changes during the year are based on an actuarial extrapolation of the most recent actuarial valuation. This valuation technique uses the projected benefit method pro-rated on service, and management's best estimate as at the extrapolation date of various economic and non-economic assumptions. Where the Province is a participating employer in the plan, experience gains and losses to the extent of the Province's employer share are amortized over the estimated average remaining service life of employees. Where the Province has a liability for pre-1992 pension obligations experience gains or losses are recognized in the year incurred.

Debentures included in unmatured debt are recorded at their face amount less unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps used to manage interest rate exposure is recorded as an adjustment to debt servicing costs.

Liabilities also include:

- All financial claims payable by the Province at the year end,
- Contingent liabilities where future liabilities are likely,
- Estimates of the Province's liabilities for contaminated sites,
- Accrued employee vacation entitlements,
- Asset retirement obligations of the schools, universities, colleges and hospitals (SUCH) and
- Spent deferred capital contributions which are excluded from net financial assets.

### Non-financial Assets

Non-financial assets are limited to tangible capital assets, inventories of supplies and prepaid expenses.

Tangible capital assets of government business enterprises are included in the Consolidated Statement of Financial Position within equity in government business enterprises. Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included on the Consolidated Statement of Financial Position. Post-secondary institutions and certain departments have collections consisting of historical artifacts and provincial, national and international works of art. The value of these collections is not recognized in these financial statements.

Tangible capital assets are valued at cost less accumulated amortization. Amortization is provided on a straight-line basis over the periods expected to benefit from their use (see Schedule 13). The annual amortization costs are allocated to the functions of the government that employ those assets and are reported on the Consolidated Statement of Operations.

Inventories of supplies are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

Prepaid expenses are recorded at cost and amortized based on the terms of the agreement.

### Derivative Contracts

Income and expense from derivative contracts are recorded as investment income or debt servicing costs. Certain derivative contracts, which are primarily interest rate swaps reported as interest rate derivatives for which there is an underlying matching asset and liability, are recorded at cost plus accrued interest. Gains and losses from these derivatives are recognized in the same period as the gains and losses of the underlying assets and liabilities.

Other derivative contracts without an underlying matching asset and liability, which are primarily bond index swaps reported as interest rate derivatives, equity index swaps and equity index futures reported as equity replication derivatives, and forward foreign exchange contracts reported as foreign currency derivatives, are recognized at fair value (see Note 4) in portfolio investments and net investment income.

The estimated amounts receivable and payable from derivative contracts are included in accrued interest receivable and payable respectively.

### Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end exchange rate.

Foreign currency transactions are translated into Canadian dollars using the average exchange rate for the day, except for hedged foreign currency transactions which are translated at exchange rates established by the terms of the forward exchange contracts.

Exchange gains and losses that arise on translation of fixed term foreign currency denominated monetary items are deferred and amortized over the life of the contract.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of the net operating results for the year.

### Public Private Partnerships

A public private partnership (P3) is a legally-binding contract between the Province and one or more public/private/not-for-profit partners for the provision of assets and the delivery of services that allocates responsibilities and business risks among various partners.

The Province accounts for P3 projects in accordance with the substance of the underlying agreements. These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete or the term of the agreement.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is put into service.

### Measurement Uncertainty

Estimates are used in accruing revenues, expenses, assets and liabilities in circumstances where the actual results are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes; royalties derived from non-renewable resources; health transfers; private investments, inflation sensitive and alternative investments; pension liabilities; estimated useful life of long lived tangible capital assets and the accounting for the North West Redwater Partnership and the Energy East Pipeline project.

Personal income tax revenue of $11,357 million (2015: $11,042 million), (see Schedule 1), is subject to measurement uncertainty due primarily to the use of economic estimates of personal income growth. Personal income growth is inherently difficult to estimate due to subsequent revisions to personal income data. The estimate of personal household income growth used in determining personal income tax is 0.5% for 2015 calendar year (2014: 6.4%) and negative 1.2% for 2016 calendar year (2015: 2.6%). Based on historical data, there is an uncertainty of plus or minus $560 million (2015: $557 million) in the personal income tax revenue estimate.

Corporate income tax revenue of $4,143 million (2015: $5,562 million), (see Schedule 1), and corporate income tax refund payable of $973 million (2015: $553 million) is subject to measurement uncertainty due primarily to the timing differences between tax installments collected and future tax assessments, along with the estimate for allowance for doubtful accounts.

Natural gas and by-products royalty of $493 million (2015: $989 million), crude oil royalty of $689 million (2015: $2,245 million) and bitumen royalty of $1,223 million (2015: $5,049 million), see (Schedule 1), are subject to measurement uncertainty. Natural gas and by-products royalty is calculated based on allowable costs incurred by the royalty payers and production volumes that are reported to the Province by royalty payers. These costs and volumes could vary significantly from that initially reported. The Province estimates what the costs, volumes and royalty rates for the fiscal year should be based on statistical analysis of industry data. For projects from which bitumen royalty is paid and the project has reached payout, the royalty rate used to determine the royalties is based on the average price of West Texas Intermediate crude oil in Canadian dollars for the calendar year. Royalty rates will start at 25% of net profits when oil is priced at fifty five dollars per barrel or less, and increase to a maximum of 40% of net profits when oil is priced at one hundred and twenty dollars or more. Payout is defined at the first date at which the cumulative revenue of a project first equals the cumulative cost of the project.

The Province, through its agent Alberta Petroleum Marketing Commission (APMC), is party to the North West Redwater Partnership and the Energy East Pipeline Projects. The Province has used judgement to estimate net present value of the processing agreement with the North West Redwater Partnership, as well as to estimate the monthly toll commitments as disclosed in Schedule 6 to the financial statements.

The Canada Health Transfers are determined on an equal per capita cash basis whereas the previous transfers were determined on an equal per capita basis, and included both cash and tax point transfers. Measurement uncertainty for the Canada Health Transfer relates to the tax transfer component for 2013-14 which has not been finalized. As the value of income tax points (personal and corporate) transferred historically is finalized, it is used to adjust the entitlements of open prior years. Accordingly, these amounts are estimated and could change by a material amount.

The fair value of private equities, inflation sensitive and alternative investments of $9,009 million (2015: $8,168 million), (see Schedule 5), are subject to measurement uncertainty as the fair value may differ significantly from the values that would have been used had a ready market for these investments existed.

Pension liabilities of $10,566 million (2015: $11,196 million), (see Schedule 10), are subject to measurement uncertainty because a plan's actual experience may differ significantly from assumptions used in the calculation of the plan's accrued benefits.

Some of the government organizations have year ends that are other than March 31. The accounts of these organizations are consolidated based on the results of their latest financial year end. Estimation of transactions for the period between their year ends and March 31 is therefore subject to measurement uncertainty.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

### Segment Disclosure

Sector information is reported in Schedules 1, 2, 3 and 6 and is based on accountability, budgetary practices and governance relationships within the reporting entity. Additional information is provided in ministry and other entity annual reports.

## NOTE 2 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Due to their short term nature, the fair values of cash and cash equivalents, accounts and accrued interest receivable and accounts and accrued interest payable are estimated to approximate their carrying value.

The methods used to determine the fair values of portfolio investments are explained in the following paragraphs:

- Public fixed-income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.
- Mortgages and certain non-public provincial debentures are valued at the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.
- The fair value of alternative investments including absolute return strategy investments, investments in limited partnerships, private investment funds, private equities and securities with limited marketability is estimated using methods such as cost, discounted cash flows, earnings multiples, prevailing market values for instruments with similar characteristics and other pricing models as appropriate.
- Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers using methods such as replacement cost, discounted cash flows, earnings multiples, prevailing market values for properties with similar characteristics and other pricing models as appropriate.
- Because quoted market prices are not readily available for private and alternative investments and private real estate, estimated fair values may not reflect amounts that could be realized upon immediate sale, or amounts that may ultimately be realized. Accordingly, estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The fair value of loans and advances made under the authority of the *Alberta Capital Finance Authority Act* is based on the net present value of future cash flows discounted using the Alberta Capital Finance Authority's (the Authority) current cost of borrowing. Fair values of other loans and advances, including those made under the authority of the *Agriculture Financial Services Act*, are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability. The fair value of unmatured debt and debt held by the Authority is an approximation of its fair value to the holder.

The fair value of derivative contracts relating to portfolio investments is disclosed in Note 4. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods:

- Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Forward foreign exchange contracts and equity index and interest rate futures contracts are valued based on quoted market prices. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure change in the underlying swap. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Warrants and rights are valued at the year end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated to Canadian dollars at the year end exchange rate.

## NOTE 3 FINANCIAL RISK MANAGEMENT

### (a) ASSET MANAGEMENT

The investments that the Province holds are exposed to credit risk and market risk. Market risk is comprised of currency exchange risk, interest rate risk and price risk. In order to earn the best possible return at an acceptable level of risk, the Province has established policies for the asset mix of its investment portfolios.

The Province reduces its investment risk by holding many different types of assets, investing in securities from various governments and companies in different industries and countries, having quality constraints on fixed income instruments, and restricting amounts exposed to countries designated as emerging markets. The use of derivatives is controlled (see Note 4).

Some of the Province's investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund), which also includes money allocated to the Heritage Fund under the *Access to the Future Act*. The objective is to invest in a diversified portfolio to maximize long-term returns at an acceptable level of risk.

Investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Heritage Scholarship Fund and the Alberta Cancer Prevention Legacy Fund are managed to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science and engineering, and to selected students.

Other investments are used to repay debt as it matures, to provide funding for the capital plan, and to help protect operating and capital spending from short-term declines in revenue and the costs of emergencies, disasters, and settlements with First Nations.

### (b) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks: interest rate risk, currency exchange risk, credit risk and refinancing risk. The Province manages these four risks within approved policy guidelines. The management of these risks and the policy guidelines apply to the Province's unmatured debt, excluding debt raised to fund requirements of provincial corporations. The debt of provincial corporations is managed separately.

The Province has decided that the most effective liability risk management strategy is to allow existing debt instruments to mature in accordance to their terms (see Schedule 8).

## NOTE 4 DERIVATIVE CONTRACTS AND RELATED CREDIT RISK

A derivative is a financial contract with the following three characteristics:

- Its value changes in response to the change in a specified interest rate, equity index price, foreign exchange rate or credit rating,
- It requires no initial net investment or the initial investment is smaller than required for exposure to a similar investment market, and
- It is settled in the future.

The Province uses various types of derivative contracts held indirectly through pooled investment funds or directly held by Alberta Capital Finance Authority to gain access to equity markets and enhance returns or to manage exposure to interest rate risk, currency exchange risk and credit risk. The notional value of a derivative represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows with a counter-party.

Interest rate derivatives allow the Province to exchange interest rate cash flows (fixed, floating and bond index) based on a notional amount. Interest rate derivatives primarily include interest rate swaps, cross currency interest rate swaps, bond index swaps, futures contracts and options.

Equity replication derivatives allow for the Province to receive or pay cash based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount. Equity derivatives primarily include equity index swaps, futures contracts and rights, warrants and options.

Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Credit risk derivatives include credit default swaps allowing the Province to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount, in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

The following is a summary of the fair values of the Province's derivative contracts by type:

| | 2016 Fair Value [(a) (b) (c) (d)] | 2015 Fair Value [(a) (b) (c) (d)] |
|---|---|---|
| | *In millions* | |
| Interest rate derivatives | $ (1,046) | $ (637) |
| Equity replication derivatives | 124 | 10 |
| Foreign currency derivatives | 254 | (119) |
| Credit risk derivatives | 3 | 6 |
| Derivatives-related payables, net | (665) | (740) |
| Deposits in futures contracts margin accounts | 60 | 63 |
| Deposits as collateral for derivative contracts | 8 | 93 |
| **Net derivative-related investments** | $ (597) | $ (584) |

(a) Current credit exposure is represented by the current replacement cost of all outstanding contracts in a favourable position (positive fair value).The Province attempts to limit its credit exposure by dealing with counter-parties believed to have good credit standing (A+ or greater).

[(b)] Includes interest rate derivatives of Alberta Capital Finance Authority with a net fair value of $(945) million (2015: $(598) million), of which 3% will mature in under one year, 17% in one to three years and 80% in over three years.

[(c)] The method of determining the fair value of derivative contracts is described in Note 2.

[(d)] The derivatives of government business enterprises are disclosed in schedule 6.

## NOTE 5 CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Contractual obligations represent a legal obligation of the Province to others as a result of a contract.

| | 2016 | 2015 Restated |
|---|---|---|
| | *In millions* | |
| Obligations under operating leases, contracts and programs | $ 16,863 | $ 17,951 |
| Obligations under capital leases | | |
| Operations and maintenance payments | 3,773 | 3,846 |
| Capital payments | 129 | 367 |
| | $ 20,765 | $ 22,164 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

**Obligations Under Operating Leases, Contracts and Programs**

| | *In millions* |
|---|---|
| 2016-17 | $ 7,242 |
| 2017-18 | 3,124 |
| 2018-19 | 2,149 |
| 2019-20 | 1,340 |
| 2020-21 | 1,295 |
| Thereafter | 1,713 |
| | $ 16,863 |

Major commitments included in the above figures are commitments for capital construction contracts for health and education facilities, highways and the Municipal Sustainability Initiative, which is an agreement that began in 2007-08 between the Province and Alberta municipalities for capital and operating purposes and is subject to the annual appropriation of the Legislature.

**Operations and Maintenance Payments**

| | *In millions* |
|---|---|
| 2016-17 | $ 195 |
| 2017-18 | 132 |
| 2018-19 | 92 |
| 2019-20 | 87 |
| 2020-21 | 90 |
| Thereafter | 3,177 |
| | $ 3,773 |

**Capital Payments**

| | In millions |
|---|---|
| 2016-17 | $ 2 |
| 2017-18 | 4 |
| 2018-19 | 4 |
| 2019-20 | 4 |
| 2020-21 | 5 |
| Thereafter | 110 |
| | 129 |
| Less net present value of interest | (51) |
| Total liabilities | $ 78 |

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

The Province has outstanding approved undisbursed loan commitments of $208 million (2015: $170 million).

## NOTE 6 CONTINGENT LIABILITIES

Set out below are details of contingent liabilities resulting from guarantees, indemnities and litigation, other than those reported as liabilities. Any losses arising from the settlement of contingent liabilities are treated as current year expenses.

### (a) GUARANTEES

Guarantees amounting to $82 million (2015: $68 million) are detailed below:

| | 2016 | 2015 | Expiry Date |
|---|---|---|---|
| | In millions | | |
| *Feeder Associations Guarantee Act* | $ 55 | $ 55 | Ongoing |
| *Agriculture Financial Services Act* | 27 | 13 | Variable |
| | $ 82 | $ 68 | |

Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

Guarantee programs under the following Acts are ongoing:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is $55 million),
- *Agriculture Financial Services Act.*

The lender takes appropriate security prior to issuing to the borrower a loan, which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower.

Included in the guarantees issued under the *Agriculture Financial Services Act* is $8.75 million guaranteed under the Alberta Flood Recovery Loan Guarantee Program (AFRLGP), which was established to assist Alberta businesses directly impacted by the June 2013 flood in Southern Alberta. Under the AFRLGP, the Province has entered into agreements with financial institutions guaranteeing repayment of up to 75% of loans issued under this program.

### (b) CONTINGENT LIABILITIES

Through the *Public Trustee Act*, the Province unconditionally guarantees the amount outstanding on a client's guaranteed account as administered by the Office of the Public Trustee. As at March 31, 2016, the potential liability of the Province based on the outstanding balance of the Client Guaranteed Accounts is $432 million (2015: $441 million).

The Province has contingent liabilities with respect to various indemnities as permitted under the *Financial Administration Act*. The indemnified amount and corresponding liability cannot be reasonably estimated.

### (c) LEGAL ACTIONS

At March 31, 2016, the Province was involved in legal matters where damages are being sought. These matters give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2016, accruals totalling $182 million (2015: $170 million) have been recorded as a liability. The total amount claimed for all likely claims is $620 million (2015: $387 million). Certain claims are covered by reinsurance through the Alberta Risk Management Fund. The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The Province has been named in 961 (2015: 743) claims of which the outcome is not determinable. Of these claims 824 (2015: 532) have specified amounts totalling $4.0 billion (2015: $3.1 billion). The remaining 137 (2015: 211) claims have no amounts specified. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

In addition, the Province has been named in 30 (2015: 29) claims in matters such as aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada and in some cases involve third parties. Of these claims, 16 (2015: 16) have specified amounts totalling $117.9 billion (2015: $117.9 billion) plus a provision for interest and other costs that are not determinable. The remaining 14 (2015: 13) claims have no amounts specified. In addition, there are three (2015: three) claims for treaty land entitlement for which the Province may have an obligation under the Natural Resources Transfer Agreement.

### (d) TAX ASSESSMENTS

Some of the taxes assessed by the Province are under objection and some are being appealed. The resulting loss, if any, cannot be reasonably estimated.

## NOTE 7 TRUST AND OTHER FUNDS UNDER ADMINISTRATION

Trust and other funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2016, trust and other funds under administration were as follows:

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| Public Sector Pension Plan Funds | $ 55,285 | $ 53,337 |
| The Workers' Compensation Board Accident Fund | 559 | 788 |
| Public Trustee | 604 | 604 |
| Special Areas Trust Account | 292 | 283 |
| Various Court Offices and Fines Distribution Trust | 161 | 138 |
| Miscellaneous trust funds | 1,195 | 1,156 |
| | $ 58,096 | $ 56,306 |

In addition to the above trust and other funds under administration, the Province holds cash and bank guarantees in the form of letters of credit and promissory notes in the amount of $1.9 billion (2015: $2.1 billion). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

## NOTE 8 ENDOWMENT FUNDS

Endowment fund assets are included in the Consolidated Statement of Financial Position. Donors have placed restrictions on their contributions to the endowment funds, for example capital preservation. The principal restriction is that the original contribution should not be spent except where the legislation allows for encroachment on the capital of the endowment.

| | 2016 | 2015<br>Restated [(a)] |
|---|---|---|
| | *In millions* | |
| Balance beginning of year | $ 2,004 | $ 1,752 |
| Adjustment to opening balance | (11) | - |
| Endowment contributions | 51 | 82 |
| Reinvested income | 33 | 87 |
| Transfers from the accumulated surplus of related government organizations | 14 | 83 |
| Balance end of year | $ 2,091 | $ 2,004 |

(a) To reflect transfers from Access to the Future Funds to endowments.

## NOTE 9 ADJUSTMENTS TO NET ASSETS

The reconciliation of adjustments to net assets is as follows:

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| **Adjustments to net assets** | | |
| Change in accumulated unrealized gains (Schedule 6) | $ (11) | $ 103 |
| Increase in endowments [(a)] | - | 166 |
| Correction of prior year error [(b)] | (237) | - |
| Other | (19) | (4) |
| | $ (267) | $ 265 |

[(a)] In 2014-15, the total increase in endowments is $173 million. In 2015-16, accounting policy for endowments changed, endowment contributions and re-invested income is included in annual deficit.

[(b)] In 2015-16, the Province recorded a correction to a prior year accounting error related to natural gas royalties.

## NOTE 10 SUBSEQUENT EVENT

In May 2016, wildfires seriously affected Fort McMurray and surrounding communities. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, may recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, pending approval through its Order in Council.

The financial impact on the government will be significant but, its full extent is uncertain at this stage.

## NOTE 11 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified, where necessary, to conform to 2016 presentation.

# Schedules to the Consolidated Financial Statements

## REVENUES

**SCHEDULE 1**

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| Income taxes | | |
| Personal income tax | $ 11,357 | $ 11,042 |
| Corporate income tax | 4,143 | 5,562 |
| Interest and penalties on corporate income tax | 52 | 234 |
| | 15,552 | 16,838 |
| Other taxes | | |
| Education property tax | 2,255 | 2,102 |
| Tobacco tax | 980 | 896 |
| Fuel tax | 1,370 | 944 |
| Insurance taxes | 403 | 391 |
| Freehold mineral rights tax | 79 | 172 |
| Alberta tourism levy | 80 | 91 |
| Interest and penalties on other tax | 1 | 2 |
| | 5,168 | 4,598 |
| Non-renewable resource revenue | | |
| Bitumen royalty | 1,223 | 5,049 |
| Crude oil royalty | 689 | 2,245 |
| Natural gas and by-products royalty | 493 | 989 |
| Bonuses and sales of Crown leases | 203 | 476 |
| Rentals and fees | 167 | 173 |
| Coal royalty | 14 | 16 |
| | 2,789 | 8,948 |
| Transfers from Government of Canada | | |
| Health transfers | 4,027 | 3,610 |
| Canada social transfers | 1,516 | 1,452 |
| 2013 Alberta flood assistance (a) | (70) | (423) |
| Agriculture support programs | 308 | 288 |
| Labour market agreements | 177 | 174 |
| Other | 1,184 | 881 |
| | 7,142 | 5,982 |
| Net income from government business enterprises | | |
| Lottery operations | 1,553 | 1,526 |
| Liquor operations | 856 | 767 |
| Other | 161 | 372 |
| | 2,570 | 2,665 |
| Net investment income | 2,544 | 3,113 |
| Premiums, fees and licences | | |
| Tuition | 1,158 | 1,116 |
| Health fees and charges | 491 | 472 |
| Motor vehicle licences | 517 | 516 |
| Crop and hail insurance premiums | 299 | 307 |
| Land titles | 80 | 91 |
| Other | 1,029 | 1,062 |
| | 3,574 | 3,564 |
| Other | | |
| Sales, rentals and services | 1,228 | 1,348 |
| Fundraising, donations, gifts and contributions | 657 | 1,009 |
| Fines and penalties | 256 | 146 |
| Climate change and emissions management | 200 | 77 |
| Endowment contributions and re-invested income (Note 1(c)) | 84 | - |
| Other | 736 | 1,193 |
| | 3,161 | 3,773 |
| | $ 42,500 | $ 49,481 |

(a) Includes an adjustment of ($70) million (2015: ($423) million) as a result of changes in estimated future 2013 Alberta flooding costs.

## EXPENSES BY MINISTRY

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Ministry Expense | Consolidation Adjustments | Adjusted Ministry Expense [a] | Adjusted Ministry Expense Restated [b] |
| | | | *In millions* | |
| Program expenses | | | | |
| Offices of the Legislative Assembly | $ 133 | $ - | $ 133 | $ 122 |
| Ministries | | | | |
| Health | 20,446 | (467) | 19,979 | 19,301 |
| Education | 7,927 | (36) | 7,891 | 7,559 |
| Advanced Education | 5,695 | (69) | 5,626 | 5,450 |
| Human Services | 4,298 | (25) | 4,273 | 4,102 |
| Agriculture and Forestry | 1,584 | (17) | 1,567 | 1,281 |
| Treasury Board and Finance | 1,628 | (178) | 1,450 | 1,504 |
| Municipal Affairs | 1,414 | - | 1,414 | 2,182 |
| Justice and Solicitor General | 1,365 | (1) | 1,364 | 1,332 |
| Transportation | 1,283 | (1) | 1,282 | 1,423 |
| Energy | 732 | (2) | 730 | 720 |
| Seniors and Housing | 663 | - | 663 | 636 |
| Infrastructure | 1,165 | (541) | 624 | 683 |
| Environment and Parks | 568 | (5) | 563 | 536 |
| Culture and Tourism | 337 | (5) | 332 | 343 |
| Service Alberta | 362 | (71) | 291 | 280 |
| Economic Development and Trade | 303 | (73) | 230 | 236 |
| Indigenous Relations | 202 | - | 202 | 199 |
| Labour | 175 | (19) | 156 | 130 |
| Executive Council | 24 | - | 24 | 23 |
| Status of Women | 2 | - | 2 | - |
| | 50,306 | (1,510) | 48,796 | 48,042 |
| Debt servicing costs [c] | 908 | (132) | 776 | 728 |
| Pension recovery [d] (Schedule 10) | (630) | - | (630) | (404) |
| | $ 50,584 | $ (1,642) | $ 48,942 | $ 48,366 |

[a] Adjusted ministry expenses are net of consolidation adjustments.

[b] On October 22, 2015 and February 2, 2016, the government announced new ministry structures. As a result of program restructuring the responsibilities of ministries changed. Comparative figures have been restated to conform to 2016 presentation.

[c] Debt servicing costs consist of interest paid on various forms of government debt. It excludes interest on pension liabilities. Interest on pension liabilities has been included in pension provisions and other program expense.

[d] Pension recoveries are related to the Ministry of Advanced Education, the Ministry of Education, the Ministry of Energy, the Ministry of Treasury Board and Finance and the Ministry of Health.

## EXPENSES BY OBJECT

## SCHEDULE 3

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| Salaries, wages, employment contracts and benefits | $ 20,113 | $ 19,527 |
| Grants | 12,292 | 12,355 |
| Services | 10,167 | 8,654 |
| Materials and supplies | 2,256 | 3,406 |
| Amortization of tangible capital assets and consumption of inventories of supplies | 3,110 | 3,076 |
| Interest and amortization of exchange gains and losses | 771 | 710 |
| Pension recovery (Schedule 10) | (630) | (404) |
| Pension liability funding | 540 | 526 |
| Travel and communication | 217 | 256 |
| Corporate income tax allowance provision | 7 | 71 |
| Other | 99 | 189 |
| | $ 48,942 | $ 48,366 |

The pension expense for the Province (Schedule 10) is included in salaries, wages, employment contracts and benefits, pension provisions and pension liability funding.

## CASH AND CASH EQUIVALENTS

## SCHEDULE 4

| | 2016 | 2015 |
|---|---|---|
| | Book Value | Book Value |
| | *In millions* | |
| Cash [a] | $ 3,848 | $ 5,575 |
| Cash equivalents | 1,845 | 2,288 |
| | $ 5,693 | $ 7,863 |

(a) Cash includes deposits in the Consolidated Cash Investments Trust Fund (CCITF). At March 31, 2016, deposits in CCITF had a time-weighted return of 0.8% (2015: 1.2%) per annum.

## PORTFOLIO INVESTMENTS

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value |
| | *In millions* | | | |
| Interest bearing securities | | | | |
| Deposits and short-term securities | $ 1,223 | $ 1,228 | $ 1,224 | $ 1,225 |
| Bonds and mortgages | 13,297 | 13,441 | 14,163 | 14,455 |
| | 14,520 | 14,669 | 15,387 | 15,680 |
| Equities | | | | |
| Canadian public equities | 2,604 | 2,776 | 2,372 | 2,792 |
| Global developed public equities | 6,986 | 7,462 | 7,412 | 8,479 |
| Emerging markets public equities | 588 | 674 | 651 | 850 |
| Private equities | 1,332 | 1,740 | 1,195 | 1,554 |
| Pooled hedged funds | 67 | 71 | 82 | 75 |
| Pooled investment funds | 640 | 782 | 563 | 739 |
| | 12,217 | 13,505 | 12,275 | 14,489 |
| Inflation sensitive and alternative investments | | | | |
| Private real estate | 3,541 | 5,098 | 3,082 | 4,425 |
| Private infrastructure | 1,348 | 1,596 | 1,350 | 1,636 |
| Timberland | 330 | 495 | 319 | 471 |
| Other investments | 3 | 3 | 1 | 1 |
| | 5,222 | 7,192 | 4,752 | 6,533 |
| Strategic, tactical and currency investments | 213 | 247 | 298 | 343 |
| | $ 32,172 | $ 35,613 | $ 32,712 | $ 37,045 |

Following is the breakdown of portfolio investments:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value |
| | *In millions* | | | |
| Operating | | | | |
| Internally designated assets [(a)] | $ 19,603 | $ 22,602 | $ 19,373 | $ 22,899 |
| Other funds and agencies | 10,478 | 10,647 | 11,335 | 11,752 |
| | 30,081 | 33,249 | 30,708 | 34,651 |
| Endowments (Note 8) | 2,091 | 2,364 | 2,004 | 2,394 |
| Total portfolio investments | $ 32,172 | $ 35,613 | $ 32,712 | $ 37,045 |

(a) Internally designated assets are designated in legislation for a specific purpose. Some of these assets are to provide stewardship of savings of from Alberta's non-renewable resources revenues as is the case with the Alberta Heritage Savings Trust Fund assets of $15,302 million (2015: $15,283 million). They also support specific purposes such as cancer prevention initiatives, health and science research, and post-secondary scholarships.

## EQUITY IN GOVERNMENT BUSINESS ENTERPRISES

## SCHEDULE 6

| | 2016 | 2015 |
|---|---|---|
| | In millions | |
| Accumulated surplus and equity | | |
| Accumulated surplus at beginning of year | $ 3,692 | $ 3,186 |
| Total revenue | 6,006 | 5,808 |
| Total expense [a] | 3,436 | 3,143 |
| Net income | 2,570 | 2,665 |
| Change in accumulated unrealized (losses) gains [b] | (11) | 103 |
| Transfers from government business enterprise | (2,427) | (2,267) |
| Accumulated surplus at end of year | 3,824 | 3,687 |
| Share capital | 5 | 5 |
| Total accumulated surplus and equity | $ 3,829 | $ 3,692 |
| Assets | | |
| Loans | 40,758 | 37,928 |
| Investments | 4,075 | 2,436 |
| Other | 3,277 | 3,916 |
| | 48,110 | 44,280 |
| Liabilities | | |
| Accounts payable [c] | 2,874 | 2,659 |
| Deposits [d] | 35,910 | 33,633 |
| Unmatured debt | 5,497 | 4,296 |
| | 44,281 | 40,588 |
| | $ 3,829 | $ 3,692 |
| Equity in government business enterprises at end of year as reported by the entities: | | |
| ATB Financial | $ 3,110 | $ 3,008 |
| Alberta Gaming and Liquor Commission | 377 | 386 |
| Alberta Petroleum Marketing Commission | 35 | 14 |
| Credit Union Deposit Guarantee Corporation | 308 | 279 |
| SUCH sector business enterprises | (1) | 5 |
| | $ 3,829 | $ 3,692 |

---

(a) Included in the total expense is $51 million (2015: $46 million) of interest expense of ATB Financial that was paid to the Province for amounts borrowed directly by the Province on behalf of ATB Financial. Also, included in the total expense is $32 million (2015: $97 million) of payment in lieu of taxes.

(b) The change in accumulated unrealized (losses) gains of ($11) million (2015: $103 million) is comprised of changes in other comprehensive income in government business enterprises. At March 31, 2016, the Province has $87 million in accumulated unrealized gains (2015: $97 million).

(c) Included in accounts payable of Alberta Petroleum Marketing Commission (APMC) are amounts borrowed by the Province on behalf of APMC totalling $328 million (2015: $227 million).

(d) The repayment of all deposits without limit, including accrued interest, is guaranteed by the Province in respect of which the Province assesses a deposit guarantee fee of $48 million (2015: $43 million) payable by ATB Financial. Included in the total deposits of ATB Financial are amounts borrowed by the Province on behalf of ATB Financial totalling $5,073 million (2015: $3,044 million) to be repaid as follows: $2,885 million in 2016-17, $1,000 million in 2017-18, $500 million in 2018-19, $200 million in 2019-20, $488 million thereafter.

### Contingent Liabilities and Contractual Obligations

At March 31, 2016, ATB Financial had a contingent liability under guarantees and letters of credit of $493 million (2015: $524 million) and outstanding loan commitments of $18.8 billion (2015: $17.9 billion). The Province, through the Credit Union Deposit Guarantee Corporation, which operates under the authority of the *Credit Union Act*, has a potential liability under guarantees relating to deposits of credit unions. At March 31, 2016 credit unions in Alberta held deposits totalling $20.7 billion (2015: $20.8 billion). Substantial assets are available from credit unions to safeguard the Province from the risk of loss from its potential obligation under the Act.

Contractual obligations belonging to government business enterprises are $471 million (2015: $136 million). These amounts include obligations under operating leases which expire on various dates.

### Legal Actions

At March 31, 2016, the government business enterprises were involved in various legal actions. Accruals have been made in specific instances where it is probable that losses will be incurred which can be reasonably estimated. The resulting loss, if any, from claims in excess of the amounts accrued cannot be determined.

Of the various legal actions, the government business enterprises are jointly or separately named as a defendant in 19 (2015: 33) legal claims of which the outcome is not determinable. Of the 19 claims, 13 (2015: 28) have specified amounts totalling approximately $150 million (2015: $364 million) and six claims (2015: five) have no specified amount. One (2015: two) claim totalling less than $1 million (2015: $1 million) is covered by the Alberta Risk Management Fund.

### Derivative Contracts

ATB Financial has the following derivatives:

| | 2016<br>Fair Value | 2015<br>Fair Value |
|---|---|---|
| | *In millions* | |
| Interest rate derivatives [a] | $ 195 | $ 173 |
| Foreign currency derivatives | (17) | 2 |
| Forward commodity contracts [b] | 13 | 20 |
| Cross currency interest rate swaps | 1 | 1 |
| **Net derivative-related investments** | $ 192 | $ 196 |

(a) The exposure to credit risk on the derivatives in a favourable position with a fair value of $765 million (2015: $685 million) is reduced by $282 million resulting from entering into master netting agreements (2015: $183 million) and is reduced by $408 million in collateral agreements (2015: $447 million) with counterparties resulting in a residual credit exposure of $75 million (2015: $55 million) of the derivative assets and $252 million (2015: $277 million) of the derivative liability.

(b) Commodity price risk arises when ATB Financial offers deposit or derivative products where the value of the derivative instrument or rate of return on the deposit is linked to changes in the price of the underlying commodity. ATB Financial uses commodity-linked derivatives to fully hedge associated commodity risk exposure on these products and does not accept any net direct commodity price risk.

### Liability for Pension Obligations

The government business enterprises following International Financial Reporting Standards (IFRS) have pension obligations of $151 million (2015: $155 million) comprised of $145 million (2015: $147 million) for employees in the Public Service Pension Plan (PSPP), the Management Employees Pension Plan (MEPP), and the Supplementary Retirement Plan for Public Service Managers (MSRP) and $6 million (2015: $8 million) in other pension plans.

## Alberta Petroleum Marketing Commission

### North West Redwater Partnership

On November 8, 2012, the North West Redwater Partnership (Partnership) announced the sanctioning of the construction of Phase 1 of the Sturgeon Refinery, which it will build, own and operate. The Province via the Alberta Petroleum Marketing Commission (Commission), has entered into agreements whereby the Partnership will process and market Crown royalty bitumen, or equivalent volumes, collected pursuant to the Bitumen Royalty in Kind initiative in order to capture additional value within Alberta. The Partnership will market the refined products (primarily ultra low sulphur diesel and low sulphur vacuum gas oil) on behalf of the Commission. There is financial risk to the Commission under these agreements related to the difference in price between bitumen supplied as feedstock and marketed refined products, relative to the costs of the processing toll.

Under the processing agreement, the Commission is obligated to pay a monthly toll comprised of: senior debt; operating; class A subordinated debt; equity; and incentive fee on 37,500 barrels per day of bitumen (75% of the project's feedstock) for 30 years. The toll includes both flow through costs as well as costs of facility construction, the latter of which is estimated to be $8.5 billion. The Commission has very restricted rights to terminate the agreement, and if it is terminated, the Commission remains obligated to pay its share of the senior secured debt component of the toll incurred to date. The term of the commitment begins upon the commencement of commercial operations. No amounts have been paid under this agreement to date.

The nominal tolls under the processing agreement: assuming $8.5 billion facility capital cost; market interest rates; and 2% operating cost inflation rate are estimated below. The total estimated tolls have been reduced by $1.26 billion relative to March 2015, due primarily to lower debt tolls. As at March 31, 2016 the Partnership has issued $3.65 billion in bonds.

### North West Redwater Partnership Monthly Toll Commitment

The Commission has used judgement to estimate the toll commitments. The components of the toll are: senior debt; operating costs; class A subordinated debt; equity; and incentive fees. To calculate the toll, management has used estimates for factors including: future interest rates, operating costs, oil prices (West Texas Intermediate (WTI) and light/heavy differentials), refined product prices, gas prices and foreign exchange. The future toll commitments are estimated to be:

| | *In millions* |
|---|---|
| 2016-17 | $ - |
| 2017-18 | 261 |
| 2018-19 | 656 |
| 2019-20 | 763 |
| 2020-21 | 904 |
| Thereafter | 22,166 |
| | $ 24,750 |

### Term Loan Provided to North West Redwater Partnership

As part of the Subordinated Debt Agreement with the Partnership, the Commission provided a $324 million loan. These amounts plus the accrued interest will be repaid on a straight line basis over ten years by the Partnership beginning one year after commercial start-up of the Sturgeon Refinery. Upon initiation of commercial operations the total amount of the term loan will be adjusted to reflect an agreed equity to debt ratio.

While loans to the Partnership are outstanding, the Commission is entitled to a 25 percent voting interest on an Executive Leadership Committee, which is charged with overseeing and making decisions on the construction and start-up of the Sturgeon Refinery. Because of the 25 percent voting interest, the Commission has significant influence over the Partnership. However, the Commission has no equity ownership interest in the Partnership and does not account for the Sturgeon Refinery or its operations in its financial statements.

### North West Redwater Partnership Processing Agreement Assessment

The Commission uses a cash flow model to calculate the present value of future cash flows under the Processing Agreement. Variables used in the model include technical variables that arise from the design of the project such as catalyst volumes or energy consumption; pricing related variables such as crude oil prices (WTI), heavy-light differentials, ultra-low sulphur diesel-WTI premiums, exchange rates, capital costs, operating costs, interest rates, discount rates and actual operating performance compared to capacity.

Technical inputs may be estimated with reasonable accuracy for the operating plan; however revenues and costs that depend upon market prices are subject to the use of professional judgement in the estimates, particularly over long future time periods such as the 30 year Processing Agreement term and successive five year renewal periods at the Commission's option. In order to perform the cash flow analysis the Commission management developed estimates for the key variables based on information from various sources including forecasts of global consultancies, reserve evaluation consultants, forward markets and the Government of Alberta.

Based on the analysis, the Commission determined the present value of future cash flows under the Processing Agreement to be positive and has not recognized a liability.

### Energy East Pipeline Project

The Commission has signed a Transportation Service Agreement with Energy East Pipeline Limited Partnership ("the Carrier") to purchase 100,000 barrels per day of firm capacity for a term of 20 years to transport volumes of crude oil. The construction of the pipeline is dependent upon obtaining regulatory approval. The Carrier filed an updated project cost estimate with the National Energy Board in December 2015. Under the take-or-pay obligation, once required regulatory and commercial approvals are obtained the Commission has an estimated updated minimum obligation to pay $4.6 billion (2015: $3.4 billion) over the 20 year term. Additional tolls will be incurred depending on the volumes transported through the pipeline. The pipeline is expected to be in service as early as 2020.

| | | *In millions* |
|---|---|---|
| 2016-17 | $ | - |
| 2017-18 | | - |
| 2018-19 | | - |
| 2019-20 | | 60 |
| 2020-21 | | 230 |
| Thereafter | | 4,310 |
| | $ | 4,600 |

## LOANS AND ADVANCES

SCHEDULE 7

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | *In millions* | | | |
| Loans and advances made under the authority of: | | | | |
| *Alberta Capital Finance Authority Act* [(a)] | $ | 13,719 | $ | 13,465 |
| *Agriculture Financial Services Act* [(b)] | | 2,204 | | 2,112 |
| *Student Loan Act* [(c)] | | 1,936 | | 1,532 |
| *Alberta Treasury Branches Act* [(d)] | | 371 | | 311 |
| *Alberta Housing Act* | | 26 | | 23 |
| *Senior's Property Tax Deferral Act* | | 13 | | 8 |
| *Financial Administration Act* | | 9 | | 16 |
| | | 18,278 | | 17,467 |
| Less allowance for doubtful accounts | | 255 | | 250 |
| | $ | 18,023 | $ | 17,217 |

(a) The fair value of the Alberta Capital Finance Authority loans as at March 31, 2016 was $15,021 million (2015: $15,410 million). Municipal loans on average yield 4.0% (2015: 4.0%) per annum.

(b) The fair value of the Agriculture Financial Services loan is not disclosed. Determining fair values with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans. Agricultural loan portfolios on average yield 4.0% (2015: 4.0%) per annum.

(c) Student loans become payable and interest is earned starting six months after students discontinue their studies or graduate. Loans are unsecured and are repayable to a maximum term of 114 months. The interest rates on student loans are a floating rate of prime plus 2%.

(d) Pursuant to the *Alberta Treasury Branches Act* the Province assesses a charge to ATB as prescribed by the Alberta Treasury Branches Regulation. The payment in lieu of tax is settled by issuing subordinated debentures calculated as 23% of net income.

## UNMATURED DEBT

SCHEDULE 8

| | 2016 | | | | 2015 | |
|---|---|---|---|---|---|---|
| | Effective Rate [(a)] | Modified Duration [(b)] | Book Value [(a)] | Fair Value [(a)] | Book Value [(a)] | Fair Value [(a)] |
| | % | years | *In millions* | | | |
| Direct debt | | | | | | |
| Canadian dollar debt and foreign currency debt [(d)] | | | | | | |
| Floating rate and short-term fixed rate [(c)] | 0.88 | 0.24 | $ 743 | $ 742 | $ 638 | $ 662 |
| Fixed rate long-term | 2.25 | 9.71 | 18,662 | 19,533 | 11,653 | 13,012 |
| | | | 19,405 | 20,275 | 12,291 | 13,674 |
| Alberta Social Housing Corporation | | | | | | |
| Canadian dollar fixed rate debt | | | 58 | 90 | 62 | 92 |
| | | | $ 19,463 | $ 20,365 | $ 12,353 | $ 13,766 |

(a) Book value represents the amount the Province owes. Fair value approximates market value to the debt holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. Effective rate is the rate that exactly discounts estimated future cash payments through the expected term of the debt to the net carrying amount. For nonmarketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

(b) Modified duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater a bond's modified duration, the greater the impact a change in interest rates will have on its value.

(c) Floating rate debt includes short-term debt, term debt with less than one year to maturity, and term debt with interest rate reset within a year.

(d) At March 31, 2016, all debt denominated in foreign currencies totalling $2,643 million Canadian (2015: $ nil) has been hedged to eliminate exposure to future fluctuations in foreign exchange rates. Total foreign debt outstanding at March 31, 2016 amounted to US dollars $1,750 million and Euros €202 million (2015: nil). Foreign currency exposure is eliminated through the use of cross currency swaps entered into at the inception of the debt issue.

## UNMATURED DEBT

## SCHEDULE 8 (continued)

The consolidated gross debt of the Province totaling $40,107 million (2015: $30,208 million) is comprised of unmatured debt of the Province totaling $19,463 million (2015: $12,353 million), unmatured debt of Alberta Capital Finance Authority totaling $15,243 million (2015: $14,585 million) (Schedule 9) and Government Business Enterprise specific debt of $5,401 million (2015: $3,270 million).

The consolidated gross debt servicing of the Province totaling $829 million (2015: $775 million) is comprised of unmatured debt of the Province and Alberta Capital Finance Authority of $776 million (2015: $728 million) and Government Business Enterprise specific debt servicing of $53 million (2015: $47 million).

Debt principal repayment requirements (based on par value) in each of the next five years, including short-term debt maturing in 2016-17 and thereafter, are as follows:

| | In millions |
|---|---|
| 2016-17 | $ 256 |
| 2017-18 | 72 |
| 2018-19 | 689 |
| 2019-20 | 1,547 |
| 2020-21 | 3,310 |
| Thereafter | 13,589 |
| | $ 19,463 |

## DEBT OF ALBERTA CAPITAL FINANCE AUTHORITY

## SCHEDULE 9

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value |
| | In millions | | | |
| Alberta Capital Finance Authority | | | | |
| Canadian dollar and foreign currency fixed rate debt [(a)] | $ 12,871 | $ 13,872 | $ 11,819 | $ 13,048 |
| Canadian dollar floating rate debt | 2,372 | 2,376 | 2,766 | 3,064 |
| Total [(b)] | $ 15,243 | $ 16,248 | $ 14,585 | $ 16,112 |
| Effective rate per annum | | 3.98% | | 4.03% |

(a) Includes fixed note debt of $600 million US dollars (fair value: $778 million in Canadian dollars).

(b) Included in the Alberta Capital Finance Authority debt are amounts borrowed directly by the Province on behalf of the Alberta Capital Finance Authority totalling $12,412 million (2015: $10,956 million).

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2016-17 and thereafter, are as follows:

| | In millions |
|---|---|
| 2016-17 | $ 3,800 |
| 2017-18 | 2,566 |
| 2018-19 | 1,600 |
| 2019-20 | 275 |
| 2020-21 | 1,802 |
| Thereafter | 5,200 |
| | $ 15,243 |

## Pension Plans

The Province is the trustee for the following pension plans under the *Public Sector Pension Plans Act:*

Local Authorities Pension Plan (LAPP), Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP), Special Forces Pension Plan (SFPP) and the Public Service Management (Closed Membership) Pension Plan (PSMC). The Province is also the trustee for the Provincial Judges and Masters in Chambers Pension Plan (PJMCPP) under the *Provincial Court Act* and the Supplementary Retirement Plan for Public Service Managers (MSRP) under the Supplementary Retirement Plan – Retirement Compensation Arrangement Directive (Treasury Board Directive 01/99). All of these pension plans are open with the exception of PSMC.

Financial statements for all of these pension plans as of their December 31, 2015 year end or March 31, 2016 year end are reported as supplementary information in the Ministry of Treasury Board and Finance Annual Report. All of the plans, except the Judges plan, are multi-employer plans.

The Teachers' Pension Plan (Teachers') and the Universities Academic Pension Plan (UAPP) are administered by their respective boards.

In addition to the aforementioned plans, there are several agencies which maintain their own plans to compensate senior staff members that do not participate in the regular government pension plans. These entities include the Alberta Energy Regulator, Alberta Utilities Commission, Alberta Securities Commission and some SUCH sector entities. Summaries of these plans are included in these financial statements as Supplementary Executive Retirement Plans (SERP). Additional information can be found in the entities' financial statements.

The following is a summary of the plans for the year ended March 31, 2016:

| Defined Benefit Pension Plans | Approximate Number of Active Employees | Average Age of Active Employees | Approximate Number of Former Employees Entitled to Future Benefits [(b)] | Approximate Number of Retirees Receiving Benefits | Employee Contributions | Employer Contributions | Benefit Payments |
|---|---|---|---|---|---|---|---|
| | | | | | | In millions | |
| LAPP | 157,430 | 45 | 30,294 | 58,641 | $ 1,213 | $ 1,302 | $ 1,300 |
| PSPP | 42,456 | 44 | 16,111 | 24,704 | 350 | 349 | 495 |
| MEPP | 5,327 | 48 | 1,204 | 4,747 | 80 | 134 | 200 |
| MLAPP | - | - | 1 | 82 | - | - | 3 |
| MSRP | 1,188 | 51 | 178 | 901 | 5 | 5 | 5 |
| PJMCPP [(a)] | 127 | 61 | 2 | 152 | 1 | 3 | 8 |
| PSMC [(a)] | 2 | 64 | 81 | 1,777 | - | - | 52 |
| SFPP [(a)] | 4,367 | 39 | 193 | 2,463 | 45 | 51 | 112 |
| Teachers' Pre-92 | 7,008 | 54 | 2,201 | 24,945 | - | - | 464 |
| Teachers' Post-92 | 37,943 | 42 | 6,565 | 21,704 | 429 | 409 | 375 |
| UAPP | 7,858 | 49 | 1,881 | 4,938 | 117 | 126 | 242 |

(a) During the year these four plans also received contributions, primarily related to pre-1992 commitments, from the Province of Alberta as follows: PJMCPP $1 million, PSMC $54 million, SFPP $5 million and UAPP Pre-92 $12 million.

(b) Includes vested former employees in the pension plan and non-vested former employees entitled to a refund of their contributions.

The plans provide a defined benefit retirement income based on a formula for each plan that considers final average years of salary, length of service and a percentage ranging from 1.4% to 3% per year of service.

The Province accounts for the liabilities for pension obligations on a defined benefit basis as a participating employer for former and current employees in LAPP, MEPP, MSRP, PJMCPP, PSPP, Teachers' and UAPP for the government's consolidated reporting entity except for government business enterprises that report under IFRS and are required to account directly for participation in the public service pension plans under IFRS.

The Province also accounts for the specific commitments made by the Government of Alberta for pre-1992 pension obligations to the Teachers', PSMC, UAPP and SFPP. In 1992, there was pension plan reform resulting in pre-1992 and post-1992 arrangements for several pension plans.

The Province also accounts for the obligation to the Members of the Legislative Assembly Pension Plan (MLAPP). The following table contains summary information on these specific pension plans. Complete financial reporting is available through each pension plan. Pension liabilities are as follows:

| | 2016 | | 2015 |
|---|---|---|---|
| | Pension Liabilities | Pension Recovery (Schedule 3) | Pension Liabilities |
| | | *In millions* | |
| Liabilities for the Province's employer share for former and current employees | | | |
| LAPP (a) | $ 373 | $ (116) | $ 489 |
| MEPP (b) | - | (26) | 26 |
| MSRP (c) | 16 | (1) | 17 |
| PJMCPP (d) | 15 | - | 15 |
| PSPP (e) | 200 | (49) | 249 |
| Teachers' (f) | 614 | (23) | 637 |
| UAPP (g) | 244 | 13 | 231 |
| SERP (h) | 57 | 3 | 54 |
| | 1,519 | (199) | 1,718 |
| Liabilities for the Province's commitment towards pre-1992 obligations | | | |
| Teachers' (f) | 8,082 | (350) | 8,432 |
| PSMC (i) | 553 | (42) | 595 |
| UAPP (g) | 280 | (34) | 314 |
| SFPP (g) | 90 | (1) | 91 |
| | 9,005 | (427) | 9,432 |
| MLAPP (j) | 42 | (4) | 46 |
| | $ 10,566 | $ (630) | $ 11,196 |

Pension provisions represent the change in pension liabilities.

The following is a description of each pension plan:

(a) LAPP is a contributory defined benefit pension plan for eligible employees of local authorities and approved public bodies. These include cities, towns, villages, municipal districts, hospitals, Alberta Health Services, school divisions, school districts, colleges, technical institutes, certain commissions, foundations, agencies, libraries, corporations, associations, and societies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 7.08% of pensionable earnings shared equally between employees and employers until December 31, 2028. Current service costs are funded by employers and employees.

(b) The MEPP is a contributory defined benefit pension plan for eligible management employees of the Province and certain approved provincial agencies and public bodies. Members of the former Public Service Management Pension Plan who were active contributors at August 1, 1992, and have not withdrawn from the Plan since that date, continue as members of this Plan. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 10.2% of pensionable earnings shared between employees and employers until December 31, 2016, 5.4% until December 31, 2017, 5.0% until December 31, 2024, and 2.9% until December 31, 2027. Current services costs are funded by employers and employees.

(c) The MSRP is a contributory defined benefit pension plan for certain public service managers of designated employers who participate in the MEPP and whose annual salary exceeds the maximum pensionable salary limit under the *Income Tax Act*. The Plan is supplementary to the MEPP. The contribution rates in effect at December 31, 2015 were at 12.80% (2014: 12.80%) of pensionable salary in excess of the maximum pensionable salary limit for eligible employees and designated employers.

(d) The PJMCPP is a contributory defined benefit pension plan for Judges and Masters in Chambers of the Province of Alberta. Current service costs are funded by the Province and plan members at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at March 31, 2016 are 7.00% of capped salary for plan members and 13.12% of capped salary for the Province. The Unregistered Plan contribution rates in effect at March 31, 2016 are unchanged at 7.00% of pensionable salary in excess of capped salary for members and 7.00% of the excess for the Province. Benefits are payable by the Province if assets are insufficient to pay for all benefits under the Plan.

(e) The PSPP is a contributory defined benefit pension plan for eligible employees of the Province, approved provincial agencies and public bodies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by an actuarial funding valuation are expected to be funded by special payments currently totaling 7.97% of pensionable earnings shared equally between employees and employers until December 31, 2026. Current service costs are funded by employers and employees.

(f) *The Teachers' Pension Plans Act* requires all teachers under contract with jurisdictions in Alberta to contribute to the Teachers' Pension Plan. The Province assumed responsibility for the entire unfunded pre-1992 pension obligation of the Teachers' Pension Plan. The costs of all benefits paid under the pre-1992 Teachers' Pension Plan are paid by the Province. In addition, the Province is responsible for 50% of the unfunded liability, any current service costs and certain cost of living benefits for service after August 1992.

(g) Under the *Public Sector Pension Plans Act*, the Province has a liability for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For the UAPP, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province and contributions by employees and employers to fund the remaining amount, as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For the SFPP, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

(h) Certain consolidated entities provide defined SERP for certain management staff, and other benefit plans for all or specific groups of staff, depending on the plans. The cost of these benefits are actuarially determined on an annual basis using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage.

(i) The PSMC provides benefits to former members of the Public Service Management Pension Plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992. The costs of all benefits under the Plan are paid by the Province.

(j) The Province has a liability for payment of pension benefits under a defined benefit pension plan for Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date. The costs for all benefits under the plan are paid by the Province.

The liability for pension obligations as a participating employer is as follows:

| | | | | Teachers' Pension Plan | | | Total | |
|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2016** | **LAPP** | **MEPP** | **PSPP** | **Post-1992** | **UAPP** | **Others [d]** | **2016** | **2015** |
| | | | | ***(In millions)*** | | | | |
| Liabilities for the Province's share for former and current employees | | | | | | | | |
| Net assets available for benefits [a] | $ 34,420 | $ 4,324 | $ 10,937 | $ 12,803 | $ 4,103 | $ 549 | $ 67,136 | $ 60,120 |
| Pension obligation | 35,343 | 4,025 | 11,070 | 11,420 | 4,972 | 646 | 67,476 | 64,116 |
| Pension plan deficit (surplus) [a] | 923 | (299) | 133 | (1,383) | 869 | 97 | $ 340 | $ 3,996 |
| Province of Alberta share of the deficit (surplus) | $ 309 | $ (182) | $ 60 | $ (671) | $ 294 | $ 97 | $ (93) | $ 1,423 |
| Unamortized gains (losses) [b] | 120 | 185 | 163 | 1,285 | (50) | (9) | 1,694 | 376 |
| Timing differences between the pension plan fiscal year ends and March 31 [c] | (56) | (3) | (23) | - | - | - | (82) | (81) |
| Future Benefit Liability | $ 373 | $ - | $ 200 | $ 614 | $ 244 | $ 88 | 1,519 | 1,718 |
| Liabilities for the Province's commitment towards pre-1992 obligations | | | | | | | 9,005 | 9,432 |
| MLAPP | | | | | | | 42 | 46 |
| | | | | | | | $ 10,566 | $ 11,196 |

(a) These numbers are as reported in the pension plan 2015 financial statements, except for the Teachers' Post-92 Pension Plan and the UAPP which use numbers as reported in actuarial reports.

(b) Under Public Sector Accounting Standards, gains and losses are amortized over the employee expected average remaining service life of the employees of each plan, which ranges from eight to eleven years.

(c) Accounting timing differences from January 1, 2016 to March 31, 2016 for payments and interest expense.

(d) Others includes the MSRP, PJMCPP and SERP.

The pension expense for the Province is as follows:

| | | | | Teachers' Pension Plan | | | | Total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **LAPP** | **MEPP** | **PSPP** | **Pre-92** | **Post-92** | **UAPP** | **Others**[c] | **2016** | **2015** |
| | | | | ***(In millions)*** | | | | | |
| Pension Expense | | | | | | | | | |
| Current period benefit cost [a] | $ 1,715 | $ 129 | $ 449 | $ - | $ 443 | $ 84 | $ 34 | $ 2,854 | $ 2,747 |
| Amortization of actuarial (gains) and losses [b] | 280 | 22 | 63 | (206) | (98) | 6 | 6 | 73 | 492 |
| Total | $ 1,995 | $ 151 | $ 512 | $ (206) | $ 345 | $ 90 | $ 40 | $ 2,927 | $ 3,239 |
| Province of Alberta share of pension expense | $ 667 | $ 92 | $ 230 | $ (206) | $ 172 | $ 90 | $ 40 | $ 1,085 | $ 1,250 |
| Interest Expense | | | | | | | | | |
| Interest on pension liability [a] | 39 | (4) | 18 | 320 | (21) | 26 | 35 | 413 | 523 |
| Total Province of Alberta pension related expenses | $ 706 | $ 88 | $ 248 | $ 114 | $ 151 | $ 116 | $ 75 | $ 1,498 | $ 1,773 |

[a] As reported in pension plan financial statements or actuarial reports. Numbers in UAPP are net of employees' share.

[b] Except for SFPP, numbers are adjusted to March 31, 2016.

[c] Others includes the MSRP, PJMCPP, SFPP and SERP.

Pension liabilities are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services and actuarial extrapolations performed at December 31, 2015 or March 31, 2016. The assumptions used in the valuations and extrapolations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include salary escalation rate, discount rate and inflation rate. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

The date of actuarial extrapolation and primary economic assumptions used for accounting purposes were:

| Plan | Latest Valuation Date | Latest Extrapolation Date | Salary Escalation Rate % | Inflation Rate % | Discount Rate [(a)] % |
|---|---|---|---|---|---|
| Teachers' Pre-1992 Pension Plan | August 31, 2015 | March 31, 2016 | 3.00 | 2.00 | 3.90 |
| Teachers' Post-1992 Pension Plan | August 31, 2015 | March 31, 2016 | 3.00 | 2.00 | 6.80 |
| PSMC | December 31, 2014 | December 31, 2015 | - | 2.00 | 3.90 |
| UAPP | December 31, 2014 | March 31, 2016 | 3.00 | 2.00 | 6.00 |
| LAPP | December 31, 2014 | December 31, 2015 | 3.00 | 2.00 | 5.60 |
| PSPP | December 31, 2014 | December 31, 2015 | 3.00 | 2.00 | 6.00 |
| MLAPP | March 31, 2015 | March 31, 2016 | - | 2.00 | 3.90 |
| MEPP | December 31, 2012 | December 31, 2015 | 3.00 | 2.00 | 6.10 |
| PJMCPP, Unregistered | December 31, 2014 | March 31, 2015 | 3.00 | 2.00 | 5.40 |
| PJMCPP, Registered | December 31, 2014 | March 31, 2015 | 3.00 | 2.00 | 5.40 |
| MSRP | December 31, 2012 | December 31, 2015 | 3.00 | 2.00 | 6.00 |
| SFPP | December 31, 2013 | December 31, 2015 | 3.00 | 2.00 | 5.90 |

(a) The discount rate is the expected rate of return for plans with assets and is also the discount rate used to measure the actuarial liability.

The actual return on major funded plans' assets during the period ranges from 7.6% to 10.8% (2014-15: 11.3% to 19.2%). This range includes returns for LAPP, Teachers' Post-1992 Plan, PSPP, MEPP, SFPP and UAPP.

A separate pension plan fund is maintained for each pension plan except for the Teachers' Pre-1992 Pension Plan and the Members of the Legislative Assembly Pension Plan. Each pension plan fund reports annually through financial statements.

## Long Term Disability Income Continuance Plans

The government administers two long-term disability income continuance plans. As at March 31, 2016, the Bargaining Unit Plan reported an actuarial surplus of $83 million (2015: surplus of $87 million) and the Management, Opted Out, and Excluded Plan reported an actuarial surplus of $29 million (2015: surplus of $32 million). At March 31, 2016, the government's share of the estimated accrued benefit liability for these plans has been recognized in these financial statements.

## DEFERRED CAPITAL CONTRIBUTIONS

SCHEDULE 11

Deferred capital contributions represent funding received from the Government of Canada or by donations with stipulations or external restrictions related to the purchase of tangible capital assets. These capital contributions are recognized as revenue over the estimated useful life of the underlying tangible capital assets once constructed or acquired.

| | 2016 | 2015 |
|---|---|---|
| | In millions | |
| **Unspent Deferred Capital Contributions** | | |
| Opening unspent deferred capital contributions | $ 203 | $ 165 |
| Contributions restricted for capital | 232 | 298 |
| Transfers to spent deferred capital contributions | (237) | (248) |
| Transfers to accounts and accrued interest payable | 7 | (12) |
| Closing unspent deferred capital contributions | $ 205 | $ 203 |

| | 2016 | 2015 |
|---|---|---|
| | In millions | |
| **Spent Deferred Capital Contributions** | | |
| Opening spent deferred capital contributions | $ 2,556 | $ 2,393 |
| Transfers from unspent deferred capital contributions | 237 | 248 |
| Transfers from accounts and accrued interest payable | 29 | 70 |
| Deferred capital contributions recognized as revenue | (172) | (155) |
| Closing spent deferred capital contributions | $ 2,650 | $ 2,556 |

## LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

SCHEDULE 12

The Province has entered into a 34 year contract for the design, finance, build and operation of ring road segments under the following public private partnerships: Anthony Henday – South East, North West and North East Edmonton Ring Road, and Stoney Trail – North East and South East Calgary Ring Road. The Province has also entered into a 32 year public private partnership contracts for the design, finance, build and maintenance of schools under the Alberta Schools Alternative Procurement Phase 1, Phase 2 and Phase 3 projects. These contracts include a construction period followed by a 30 year operations period for the ring roads and a 30 year maintenance period for the schools. The Province has also entered into a 12 year contract for the design, finance, build and operation of the Evan Thomas Water and Wastewater Treatment facilities which includes a construction period followed by a 10 year operations period.

The details of the contract under construction are as follows:

| | Contractor | Date Contract Entered Into | Scheduled Completion Date | Date Capital Payments Begin |
|---|---|---|---|---|
| Anthony Henday – North East Edmonton Ring Road | Capital City Link General Partnership | May 2012 | September 2016 | October 2016 |

The details of the contracts for those projects that are already operational are as follows:

| | Contractor | Date Contract Entered Into | Completion Date | Date Capital Payments Began |
|---|---|---|---|---|
| Anthony Henday – South East Edmonton Ring Road | Access Roads Edmonton Ltd. | January 2005 | October 2007 | November 2007 |
| Stoney Trail – North East Calgary Ring Road | Stoney Trail Group | February 2007 | October 2009 | November 2009 |
| Alberta Schools Alternative Procurement Phase 1 | BBPP Alberta Schools Ltd. | September 2008 | June 2010 | July 2010 |
| Anthony Henday – North West Edmonton Ring Road | NorthwestConnect General Partnership | July 2008 | October 2011 | November 2011 |
| Alberta Schools Alternative Procurement Phase 2 | B2L Partnership | April 2010 | June 2012 | August 2012 |
| Stoney Trail – South East Calgary Ring Road | Chinook Roads Partnership | March 2010 | November 2013 | November 2013 |
| Alberta Schools Alternative Procurement Phase 3 | ABC Schools Partnership | September 2012 | June 2014 | July 2014 |
| Evan Thomas Water & Wastewater Treatment Facilities | EPCOR Water Services Inc. | October 2012 | August 2014 | August 2014 |

The calculation of the liabilities under public private partnerships is as follows:

| | 2016 | 2015 |
|---|---|---|
| | *In millions* | |
| Liabilities beginning of year | $ 2,629 | $ 2,469 |
| Additions to liabilities during the year | 143 | 199 |
| Principal payments | (41) | (39) |
| Liabilities end of year | $ 2,731 | $ 2,629 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

**Capital Payments**

| | *In millions* |
|---|---|
| 2016-17 | $ 162 |
| 2017-18 | 181 |
| 2018-19 | 181 |
| 2019-20 | 181 |
| 2020-21 | 181 |
| Thereafter | 3,787 |
| | 4,673 |
| Less net present value of interest | (1,942) |
| Total liabilities | $ 2,731 |

Capital payments include payments for capital leases and for public private partnerships. The capital payments for public private partnerships are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. The present value of these capital payments is recorded as a liability on the Consolidated Statement of Financial Position.

## SCHEDULE 13

## TANGIBLE CAPITAL ASSETS

| | General Capital Assets | | | | | | Infrastructure Assets | | | | | 2016 Total | 2015 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land [(a)] | Buildings [(b)] | Equipment [(c)] | Computer Hardware and Software | Other [(d)] | Sub Total | Land Improvements [(e)] | Provincial Highways, Roads and Airstrips [(f)] | Bridges | Dams and Water Management Structures [(g)] | Sub Total | | |
| **Estimated Useful Life** | **Indefinite** | **10-50 yrs** | **3-25 yrs** | **3-10 yrs** | **3-50 yrs** | | **10-40 yrs** | **20-50 yrs** | **50 yrs** | **25-80 yrs** | | | |
| | | | | | | | ***In millions*** | | | | | | |
| **Historical Cost** | | | | | | | | | | | | | |
| Beginning of year | $ 2,497 | $ 33,096 | $ 5,822 | $ 4,303 | $ 1,767 | $ 47,485 | $ 443 | $ 19,956 | $ 2,093 | $ 1,418 | $ 23,910 | $ 71,395 | $ 67,980 |
| Additions | 91 | 2,224 | 418 | 205 | 105 | 3,043 | 18 | 1,542 | 48 | 13 | 1,621 | 4,664 | 3,752 |
| Transfers and adjustments [(h)] | (13) | 142 | 479 | 38 | (664) | (18) | 77 | (133) | 47 | 2 | (7) | (25) | (6) |
| Disposals including write-downs | (5) | (49) | (221) | (187) | (56) | (518) | (2) | - | - | (1) | (3) | (521) | (331) |
| | 2,570 | 35,413 | 6,498 | 4,359 | 1,152 | 49,992 | 536 | 21,365 | 2,188 | 1,432 | 25,521 | 75,513 | 71,395 |
| **Accumulated Amortization** | | | | | | | | | | | | | |
| Beginning of year | - | 12,446 | 4,058 | 3,220 | 976 | 20,700 | 246 | 5,188 | 554 | 420 | 6,408 | 27,108 | 25,141 |
| Amortization expense | - | 858 | 449 | 339 | 69 | 1,715 | 15 | 420 | 47 | 18 | 500 | 2,215 | 2,211 |
| Transfers and adjustments [(h)] | - | 88 | 83 | 15 | (192) | (6) | 52 | (63) | - | - | (11) | (17) | (3) |
| Effect of disposals including write-downs | - | (44) | (210) | (184) | (52) | (490) | - | - | - | - | - | (490) | (241) |
| | - | 13,348 | 4,380 | 3,390 | 801 | 21,919 | 313 | 5,545 | 601 | 438 | 6,897 | 28,816 | 27,108 |
| **Net Book Value at March 31, 2016** | $ 2,570 | $ 22,065 | $ 2,118 | $ 969 | $ 351 | $ 28,073 | $ 223 | $ 15,820 | $ 1,587 | $ 994 | $ 18,624 | $ 46,697 | |
| **Net Book Value at March 31, 2015** | $ 2,497 | $ 20,650 | $ 1,764 | $ 1,083 | $ 791 | $ 26,785 | $ 197 | $ 14,768 | $ 1,539 | $ 998 | $ 17,502 | | $ 44,287 |

(a) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

(b) Historical costs include $6,328 million (2015: $4,308 million) in construction in progress which will not be amortized until the tangible capital assets are completed and in use. The cost of buildings under capital lease is $185 million (2015: restated $171 million).

(c) Equipment includes SuperNet, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

(d) Other tangible capital assets include leasehold improvements (amortized over the life of the lease).

(e) Land improvements include parks development and grazing reserves.

(f) Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices, and include secondary highways and bridges and some key arterial roadways within cities. Included in these numbers are $2,215 million in historical cost (2015: $2,072 million) and $160 million in accumulated amortization (2015: $130 million) for alternatively financed capital assets.

(g) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

(h) Transfers and adjustments relate to accounting policy alignments and reclassifications between capital asset categories.

The financial statements of the following entities are included in these financial statements:

## GOVERNMENT COMPONENTS

### Offices of the Legislative Assembly

Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner
Office of the Child and Youth Advocate
Office of the Public Interest Commissioner

### Departments

Advanced Education
Agriculture and Forestry
Culture and Tourism
Economic Development and Trade
Education
Energy
Environment and Parks
Executive Council
Health
Human Services
Indigenous Relations
Infrastructure
Labour
Justice and Solicitor General
Municipal Affairs
Status of Women
Seniors and Housing
Service Alberta
Transportation
Treasury Board and Finance

### Regulated Funds

Access to the Future Fund
Alberta Cancer Prevention Legacy Fund
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund

**Regulated Funds (continued)**

Alberta Lottery Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Climate Change and Emissions Management Fund
Environmental Protection and Enhancement Fund
Historic Resources Fund
Human Rights Education and Multiculturalism Fund
Land Stewardship Fund
Post-closure Stewardship Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

## GOVERNMENT ORGANIZATIONS

Agriculture Financial Services Corporation
Alberta Capital Finance Authority
Alberta Energy Regulator
Alberta Enterprise Corporation
Alberta Environmental Monitoring, Evaluation and Reporting Agency (a)
Alberta Foundation for the Arts
Alberta Historical Resources Foundation
Alberta Innovates – Bio Solutions (b)
Alberta Innovates – Energy and Environment Solutions (b)
Alberta Innovates – Health Solutions (b)
Alberta Innovates – Technology Futures (b)
Alberta Insurance Council
Alberta Investment Management Corporation
Alberta Livestock and Meat Agency (a)
Alberta Local Authorities Pension Plan Corp.
Alberta Pensions Services Corporation
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sport Connection
Alberta Transportation Safety Board
Alberta Utilities Commission
Gainers Inc.
Natural Resources Conservation Board
N. A. Properties (1994) Ltd.
Safety Codes Council
The Government House Foundation (a)
The Wild Rose Foundation (a)
Travel Alberta Corporation

## School Jurisdictions and Charter Schools

Almadina School Society
Aspen View Public School Division No. 78
Aurora School Ltd.
Battle River Regional Division No. 31
Black Gold Regional Division No. 18
Boyle Street Education Centre
Buffalo Trail Public Schools Regional Division No. 28
Calgary Arts Academy Society
Calgary Girls' School Society
Calgary Roman Catholic Separate School District No. 1
Calgary School District No. 19
Canadian Rockies Regional Division No. 12
CAPE-Centre for Academic and Personal Excellence Institute
Chinook's Edge School Division No. 73
Christ the Redeemer Catholic Separate Regional Division No. 3
Clearview School Division No. 71
Connect Charter School Society
East Central Alberta Catholic Separate Schools Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
Foothills School Division No. 38
Fort McMurray Public School District No. 2833
Fort McMurray Roman Catholic Separate School District No. 32
Fort Vermilion School Division No. 52
Foundations for the Future Charter Academy Charter School Society
Golden Hills School Division No. 75
Grande Prairie Roman Catholic Separate School District No. 28
Grande Prairie School District No. 2357
Grande Yellowhead Public School Division No. 77
Grasslands Regional Division No. 6
Greater North Central Francophone Education Region No. 2
Greater St. Albert Roman Catholic Separate School District No. 734
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51

**School Jurisdictions and Charter Schools (continued)**

Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1
Palliser Regional Division No. 26
Parkland School Division No. 70
Peace River School Division No. 10
Peace Wapiti School Division No. 76
Pembina Hills Regional Division No. 7 (including Alberta Distance Learning Centre)
Prairie Land Regional Division No. 25
Prairie Rose School Division No. 8
Red Deer Catholic Regional Division No. 39
Red Deer Public School District No. 104
Rocky View School Division No. 41
St. Albert Public School District No. 5565
St. Paul Education Regional Division No. 1
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38
Sturgeon School Division No. 24
Southern Francophone Education No. 4
Suzuki Charter School Society
Valhalla School Foundation
Westmount Charter School Society
Westwind School Division No. 74
Wetaskiwin Regional Division No. 11
Wild Rose School Division No. 66
Wolf Creek School Division No. 72

**Post-secondary Institutions**

Alberta College of Art and Design
Athabasca University
Banff Centre
Bow Valley College
Grande Prairie Regional College
Keyano College
Lakeland College
Lethbridge College

### Post-secondary Institutions (continued)

MacEwan University
Medicine Hat College
Mount Royal University
NorQuest College
Northern Alberta Institute of Technology
Northern Lakes College
Olds College
Portage College
Red Deer College
Southern Alberta Institute of Technology
University of Alberta
University of Calgary
University of Lethbridge

### Alberta Health Services and Other Health Entities

Alberta Health Services
Health Quality Council of Alberta

The following organizations are accounted for on the modified equity basis in these financial statements:

## GOVERNMENT BUSINESS ENTERPRISES [c]

Alberta Gaming and Liquor Commission
Alberta Petroleum Marketing Commission
ATB Financial
Credit Union Deposit Guarantee Corporation

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(a) On April 14, 2016 the Government announced that these agencies will be dissolved and their activities and responsibilities transferred to the parent department.

(b) On April 14, 2016 the Province announced the amalgamation of the four Alberta Innovates Corporations into one, along with a wholly owned subsidiary corporation.

(c) Subsidiaries of government organizations and government business enterprises are not included in the list.

# GLOSSARY

**Absolute return strategies:** Absolute return strategies (hedge funds) encompass a wide variety of investments with the objective of realizing positive returns regardless of the overall market direction.

A common feature of many of these strategies is buying undervalued securities and selling short overvalued securities. Some of the major types of strategies include long/short equity, merger arbitrage, fixed income arbitrage, macroeconomic strategies, convertible arbitrage, distressed securities and short selling.

**Accrued interest:** Interest income that has been earned but not paid in cash at the financial statement date.

**Alternative investments:** Investments considered outside of the traditional asset class of stocks, bonds and cash. Examples include hedge funds, private equities, private income, timberland and asset-backed commercial paper.

**Amortized cost:** Amortized cost is the amount at which a financial asset or a financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

**Ask price:** The price a seller is willing to accept for a security, also known as the offer price.

**Asset mix:** The percentage of an investment fund's assets allocated to major asset classes (for example 50% equities, 30% interest-bearing securities and 20% inflation sensitive and alternative investments).

**Bid price:** The price a buyer is willing to pay for a security.

**Cash equivalents:** Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short tem cash commitments rather than for investing or other purposes.

**Credit risk:** The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Currency risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**Debenture:** A financial instrument showing a debt where the issuer promises to pay interest and repay the principal by the maturity date. It is usually unsecured, meaning there are no liens or pledges on specific assets.

**Debt servicing cost:** Debt servicing costs consists of interest paid on various forms of government debt.

**Deferred capital contribution:** The unamortized portion of tangible capital assets or liabilities to construct or acquire tangible capital assets from specific purpose funding received from the Government of Canada or by donation. Deferred capital contributions are recorded in revenue over the estimated useful life of the underlying tangible capital assets once constructed or acquired by the Province.

**Defined benefit pension plan:** A pension plan that specifies either the benefits to be received by an employee, or the method of determining those benefits, such as a pension benefit equal to two percent of the average of the five highest consecutive years' salary times the total years of service.

**Derecognition:** The removal of previously recognized financial assets or financial liabilities from a government's statement of financial position.

**Derivative contract:** Financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates, or currency rates. They usually give rise to a financial asset of one party and a financial liability or equity instrument of another party, require no initial net investment, and are settled at a future date.

**Discount:** The difference between the price paid for a security and the security's par or face value. Because price fluctuates with interest rates, price will differ from the face value. For example, if interest rates are higher than the coupon rate, then the security is sold at a discount.

**Emerging market:** An economy in the early stages of development, with markets of sufficient size and liquidity, and receptive to foreign investment.

**Endowment funds:** Endowment funds generally are established by donor gifts and bequests to provide a permanent endowment, which is to provide a permanent source of income, or a term endowment, which is to provide income for a specified period. The endowments may or may not be restricted in how they are used.

**Fair value:** The amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value is similar to market value.

**Financial asset:** An asset that could provide resources to pay liabilities or finance future operations. A financial asset could be cash, a right to receive cash or another financial asset from another party, a right to exchange financial instruments with another party under conditions that are potentially favourable, or equity of another entity.

**First-in, first-out:** A method of valuing inventory where the cost of the first goods purchased or acquired is the cost assigned to the first goods sold. Therefore, the cost allocated to the inventory items on hand at the end of the period is the cost of those items most recently acquired.

**Fixed income instrument:** Interest bearing instrument that provides a return in the form of fixed periodic payments and eventual return of principal at maturity, or money market instrument such as treasury bills and discount notes.

**Floating rate:** An interest rate that is reset periodically, usually every couple of months or sometimes daily.

**Hedging:** An activity designed to manage exposure to one or more risks. When management designates a hedging relationship, it must identify the specific items included in the hedging relationship, the risk that is being hedged, and the period over which the hedging relationship is intended to be effective. The designation of the hedging relationship is documented formally in the entity's records when designation occurs.

**Interest rate risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market interest rates.

**Liquidity:** The ease with which an asset can be turned into cash and the certainty of the value it will obtain.

**Modified equity:** Under the modified equity method, the equity method of accounting is modified only to the extent that the government business enterprise's accounting principles are not adjusted to conform with those of the government. Thus, the government aggregates a government business enterprise's net assets and net income by adjusting the investment shown in the government's consolidated statement of financial position and by presenting the net income as a separate item on the government's consolidated statement of operations.

**Net realizable value:** The selling price less the estimated costs of completion and costs necessary to make the sale.

**Par value:** A value set as the face or principal amount of a security, typically expressed as multiples of $100 or $1,000. Bondholders receive par value for their bonds at maturity.

**Prepaid expenses:** An expenditure that is paid for in one accounting period, but which will not be entirely consumed until a future period. Consequently, it is carried on the Consolidated Statement of Financial Position as an asset until it is consumed.

**Present value:** Today's value of one or more future cash payments, determined by discounting the future cash payments using interest rates.

**Price risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Prior year expenditure refunds:** When recoveries of overpayments occur in the current year that are related to an expenditure of prior years, the recovery is accounted for as revenue of the current year.

**Private equity:** An ownership interest in a privately held company.

**Public private partnership (P3):** A legally-binding contract between the Province and one or more public or private partners for the provision of assets and the delivery of services that allocates responsibilities and business risks among the various partners

**Realized gains and losses:** Gains or losses are realized when investments are sold at a price over or below its book value and selling costs.

**Refinancing risk:** The risk that the fair value or future cash flows of a financial instrument will fluctuate due to refinancing.

**Segment:** A distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the financial statements identify the resources allocated to support the major activities of the government.

**SUCH:** It is an acronym for schools, universities, colleges and hospitals.

**Temporary loss:** Determining when a loss is other than temporary is a matter of judgment, but it is generally presumed if a condition indicating a loss in value has persisted for a period of three or four years.

**Unmatured debt:** Unredeemed Government securities that have not matured and that are issued in respect of money raised under section 56(1) of the *Financial Administration Act*, and the total outstanding borrowings of Alberta Social Housing Corporation.

**Yield curve:** A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates.

# ■ MEASURING UP

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# TABLE OF CONTENTS

## MEASURING UP

Management's Responsibility for Reporting . . . 76
Readers' Guide . . . 77
Strategic Context . . . 80

Outcome One

Results and Accomplishments . . . 83
Performance Measures and Indicators . . . 85

Outcome Two

Results and Accomplishments . . . 87
Performance Measures and Indicators . . . 89

Outcome Three

Results and Accomplishments . . . 91
Performance Measures and Indicators . . . 93

Outcome Four

Results and Accomplishments . . . 94
Performance Measures and Indicators . . . 96

Outcome Five

Results and Accomplishments . . . 98
Performance Measures and Indicators . . . 99

Outcome Six

Results and Accomplishments . . . 100
Performance Measures and Indicators . . . 102

Outcome Seven

Results and Accomplishments . . . 104
Performance Measures and Indicators . . . 105

Outcome Eight

Results and Accomplishments . . . 106

Performance Measures and Indicators – Sources and Notes . . . 107

# MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Responsibility for the integrity and objectivity of the performance results reported in the province's annual performance report *Measuring Up*, a component of the Government of Alberta's Annual Report, rests with the government. *Measuring Up* is prepared by the Assistant Deputy Minister of Budget Development and Reporting under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to Section 8 of the *Fiscal Planning and Transparency Act.*

Under Section 8, the government is to prepare and make public on or before June 30 of each year an annual report for the Province of Alberta for the fiscal year ended on the preceding March 31. The annual report must include a comparison of the actual performance results to the targets included in the government strategic plan and an explanation of any significant variances. *Measuring Up* is published with the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

In order to meet government reporting requirements, the Assistant Deputy Minister of Budget Development and Reporting obtains performance results relating to each ministry as necessary. Deputy heads in each ministry are responsible for maintaining management and internal control systems to ensure that the information provided by their ministry, including performance measure reporting and results reporting for key initiatives and activities, for presentation in *Measuring Up* is prepared in accordance with the following criteria:

**Reliability**— information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.

**Understandability**—the performance measure methodologies and results are presented clearly. This includes reported results on key strategies and initiatives undertaken by the ministry.

**Comparability**—the methodologies for performance measure preparation are applied consistently for the current and prior years' results.

**Completeness**—outcomes, performance measures and related targets match those included in *Budget 2015.*

*Measuring Up* is reviewed by the Audit Committee, which is established under the *Auditor General Act.* Annually, *Measuring Up* is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

*Original signed by*

Lorna Rosen
Deputy Minister of Treasury Board and Finance
June 22, 2016

*Budget 2015* – **Supporting Jobs, Supporting Families: The Alberta Way** was based on the following three themes: Stabilizing funding for key public services; returning to fiscal balance; and supporting jobs, economic growth and diversification.

Aligned with these themes, the Government of Alberta (GoA) 2015–18 Strategic Plan identified the following eight outcomes on which to assess the government's performance over the 2015–16 fiscal year. Key activities and initiatives, undertaken by GoA ministries are outlined for each outcome. Please note that additional activities and initiatives and further discussion of results for the initiatives and activities outlined below, are included in ministry 2015-16 annual reports.

## OUTCOME ONE: Alberta has an open, sustainable and increasingly diversified economy that attracts investment and facilitates diversification and expands market access.

Key activities and initiatives undertaken by GoA ministries include:

- Reducing economic reliance on oil by building on strengths to increase economic activity in other key sectors;
- Increasing Alberta's general minimum wage by one dollar per hour to $11.20 and increasing the liquor server minimum wage by one dollar and 70 cents to $10.70. The government is monitoring business confidence and overall economic conditions and will consider these factors when contemplating any future increases to the minimum wage;
- Promoting Alberta home-grown businesses and entrepreneurship by expanding capital available to Alberta Treasury Branches to support lending to small and medium-sized businesses;
- Increasing the amount of money available to Alberta's venture capital community through the Alberta Enterprise Corporation; and, targeting a portion of the Alberta Investment Management Corporation's Investment portfolio on latter-stage growth capital;
- Modernizing royalties to create a simpler, more transparent and efficient system for oil and gas wells drilled after 2016 that encourages investment, job creation and economic activity;
- Investing in infrastructure and establishing a Capital Plan that is well-aligned with facilitating economic prosperity, attracting investment and meeting the needs of a growing population in Alberta; and
- Building relationships with trading partners and looking beyond provincial and national borders to explore market access opportunities and attract investment.

## OUTCOME TWO: Alberta's education system enables all Albertans to develop the necessary skills to participate in a diversified, 21st century economy.

Key activities and initiatives undertaken by GoA ministries include:

- Stabilizing funding and support for Alberta's education system. This includes creating respectful learning environments and working collaboratively with Indigenous partners to ensure Indigenous students have the instructional supports they need;
- Investing in an accessible high-quality education system that provides relevant skills and key competencies, so Alberta has a knowledgeable and capable workforce that meets employers' needs;
- Investing in post-secondary education to ensure it is accessible and affordable. This includes implementing a two-year tuition freeze;
- Continuing to build and modernize schools in order to accommodate enrolment and improve learning conditions for children; and

- Working to re-establish the Summer Temporary Employment Program to support students in obtaining employment by helping them gain work experience and building transferable skills.

## OUTCOME THREE: **Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.**

Key activities and initiatives undertaken by GoA ministries include:

- Developing a Climate Leadership Plan based on the Climate Change Advisory Panel's recommendations;
- Engaging and supporting First Nations and Métis to fully participate in the Climate Leadership Plan;
- As part of the Climate Leadership Plan, take action to phase out coal-fired electricity generation to reduce greenhouse gas emissions; and, encourage cleaner, greener sources of electricity, including wind, solar and more industrial cogeneration in the oil sands;
- Continuing to support new and expanded public transit through the Green Transit Incentives Program;
- Improving the province's environmental monitoring and reporting system; and
- Upgrading and modernizing existing government parks and infrastructure assets.

## OUTCOME FOUR: **A health care system that is sustainable, patient-focused and meets the needs of a growing province.**

Key activities and initiatives undertaken by GoA ministries include:

- Stabilizing the public health care system by providing predictable, long-term funding;
- Decreasing the annual growth rate of the health budget;
- Designing a new model for public home care to enhance and stabilize the health-care system by directing care to where individuals need it;
- Developing a mental health strategy to meet Albertans' needs for mental health services; and
- Working with other jurisdictions to address the rising cost of prescription drugs.

## OUTCOME FIVE: **A system of supports for seniors that will assist them in remaining independent and participating in their communities.**

Key activities and initiatives undertaken by GoA ministries include:

- Finalizing plans to create 2,000 public long-term and high-acuity spaces over the next four years;
- Repairing hospitals and seniors' facilities and constructing new facilities;
- Providing individual and community-based supports that enable seniors to stay in thier homes and remain active in their communities; and
- Creating opportunities for seniors to leverage their resources to contribute to their independence.

## OUTCOME SIX: **An integrated approach to improving the socio-economic well-being of all Albertans.**

Key activities and initiatives undertaken by GoA ministries include:

- Working collaboratively with community partners and other levels of government on an integrated service delivery approach that focuses on the individual's unique needs and circumstances (Alberta Supports);

- Reducing family violence and bullying through initiatives such as the Family and Community Safety Program;
- Increasing the emphasis on preventative programs and services;
- Continuing to work with parents and communities to deliver quality programs and services focused on early childhood development;
- Developing plans to implement the new Alberta Child Benefit and enhanced Alberta Family Employment Tax Credit (as detailed in *Budget 2016*); and
- Engaging stakeholders in the review of the Legal Aid structure and process and ensuring vulnerable Albertans are protected and supported.

## OUTCOME SEVEN: Indigenous communities and peoples participate as equal partners in Alberta's economy and society.

Key activities and initiatives undertaken by GoA ministries include:

- Enhancing collaboration and ongoing dialogue and creating opportunities for partnerships with Indigenous peoples to achieve progress in mutually identified priority areas;
- Engaging with Indigenous governments, organizations and peoples on the implementation of the United Nations Declaration on the Rights of Indigenous Peoples;
- Devoting new energy to address the gaps in educational achievement between Indigenous and non-Indigenous students by building partnerships and support for Indigenous peoples to use their skills, knowledge and perspective in the workforce; and
- Supporting business development opportunities for Indigenous entrepreneurs and Indigenous community-owned business.

## OUTCOME EIGHT: Increased gender equality in Alberta.

Key activities and initiatives undertaken by GoA ministries include:

- Developing evidence-based recommendations for a mandate and structure for the new Status of Women ministry;
- Continuing programs to increase women's leadership in the Government of Alberta;
- Exploring ways to remove social and economic barriers that suppress women's full and equal participation in society; and
- Increasing support for organizations taking initiatives to end violence against women and within families.

*Measuring Up* is part of the Alberta government's commitment to be accountable and transparent to the people of Alberta. It endeavours to go beyond the reporting of financial information by answering the questions: what did the government achieve with the dollars spent and what progress did the government make? Answering these questions is accomplished by reporting progress made on key activities and initiatives under the eight outcomes discussed above and reporting the results of performance measures compared to their achievement targets as committed to in the GoA 2015-18 Strategic Plan. When comparing targets to results, readers will notice that sometimes targets do not correspond directly with a measure's previous or current results. Targets may be set before these results are known or may be based, not on projected results, but instead on public expectations or comparisons to the results that other organizations have achieved.

In addition to performance measures, the outcomes in the 2015-18 Government of Alberta Strategic Plan have performance indicators. Performance measures illustrate what progress is being achieved relative to desired outcomes, while indicators help outline the bigger picture and long-term outcomes.

Readers will also notice that, for outcome eight, there are no performance measures or indicators identified in the GoA 2015-18 Strategic Plan. Performance measures and indicators related to the participation of women are reflected in *Budget 2016* and will therefore be reported on in *Measuring Up 2017*.

## STRATEGIC CONTEXT

The Government of Alberta faces a number of important challenges, in carrying out its operational functions and achieving the outcomes outlined in the GoA Strategic Plan.

### Fiscal and Economic Environment

Albertans expect their government to effectively and efficiently deliver quality programs and services. The province's 2015 financial plan was based on three key pillars: stabilizing key public services; moving forward on a prudent, sensible and responsible fiscal plan to return to a balanced budget; and, building partnerships with Alberta's job creators to create employment and build prosperity.

A significant challenge continues to be managing needs and expectations for the delivery of key public services in an environment where a significant revenue stream has dropped and, while on the path to recovery, will take several years to stabilize. In 2014-15, the province booked $8.9 billion in non-renewable resource revenue and in 2015-16, non-renewable resource revenue was almost 70% lower at $2.8 billion. The drop in oil prices demands that the government follow a disciplined and clear plan that allows government to play its "shock absorber" role in the short-term, while returning to balance in a responsible way and ensuring quality key public services and programs are maintained.

Government must also recognize that the global competitive environment does not step aside or go "on hold" in times of fiscal constraints. Rather, it demands, even more, that trading partners and the development of potential markets remain key priorities for governments, particularly when delivering on a commitment to growth and economic prosperity.

### Governance

To develop and deliver policies, programs and services that address a range of interests and concerns from a diverse and ever-changing public, government must be innovative and engaged, particularly in times of fiscal constraints. Accounting for the province's growing social and commercial diversity while promoting economic growth and diversification, protecting the environment and strengthening public services continues to be a challenge.

### A Growing and Diverse Population

By 2020, it is estimated that the population of Alberta will be about 4.5 million people, with a projected population of about six million by 2041. The majority of this growth will come from migration (over 1.1 million) with international sources accounting for most of the migration (840,000). The province's population will also grow older, with the number of seniors expected to more than double by 2035, accounting for more than one million people. Each demographic group has unique interests and often different priorities, a shifting demographic profile characterized by evolving needs for social supports, health care, education, housing, infrastructure and transportation, justice and protective services, and recreation and cultural amenities.

## Capability to Deliver Results

The government relies on its employees, internal infrastructure and logistical support, strong relationships with other stakeholders and a well-functioning legal and regulatory system to deliver outcomes for Albertans.

### Employees

Maintaining stable public services is vital to addressing complex challenges and meeting the growing needs of citizens. Government is committed to strengthening the Alberta Public Service (APS) as an inclusive and innovative organization where all employees are able to develop and contribute their best. Current areas of focus are delivering initiatives to support a diverse workforce with the capacity and expertise to serve Albertans, improving employee engagement across the public service and strengthening policies and practices in human resource management.

In 2015-16, highlights of achievements include newly designed performance agreements for use by all APS employees. These agreements will ensure all employees know how their work contributes to the priorities of the government, what expectations supervisors have of them, and is the mechanism to report on progress in delivering results. An employee engagement survey was also undertaken in 2015-16. Results from the survey will be analyzed to understand the needs of the workforce and identify the organization's strengths and areas for improvement. Government-wide and department-specific engagement plans will be developed during 2016-17, with regular reporting on results. A talent management framework was also created in 2015-16 that serves as the foundational structure for all human resource programs and services across the government. It will help to create a culture and environment where APS employees can flourish by receiving a consistent and streamlined employee experience in acquisition, engagement, succession and development. Policy capacity across GoA was enhanced through the APS Policy Matters Conference which was planned over the past year and delivered in June 2016. It helped to equip employees with skills to provide sound policy advice. The latest intake of GoA Policy Internship Program was also launched and received a record number of highly qualified applicants.

### Infrastructure and Logistical Support

Enterprise and ministry support services provide critical support to front-line employees, fostering the effective and efficient delivery of programs and services. These services include policy capacity, planning, the provision of owned and leased office space, financial, legal and human resource services, information technology, information management, procurement and other logistical services. Developments in 2015-16 include:

- Implementation of a standard capital asset management application that is being used by all departments to track over 80,000 GoA capital assets;
- Development of the GoA Cyber Security Strategy and Program Plan to define cyber threats, and the implementation of the Cyber Security Intelligence Service enabling the government to gather intelligence and conduct analysis to ensure threats are identified and dealt with before they become issues; and
- Developing a cross-government application repository that provides key application information (age, business criticality and disaster recovery capability).

### Relationships

While in many cases the government delivers programs through its departments and related entities, the relationships that it has with municipal, provincial and federal governments, the private and non-profit sectors and Indigenous governments and organizations play an important role in the government's capability to deliver results for Albertans.

Key developments in 2015-16 include:

- On February 3, 2016 Premier Rachel Notley and Prime Minister Justin Trudeau agreed to take joint action in three principal areas: jobs and the economy, clean growth and climate change, and energy infrastructure and market access. The meeting was the first between a Canadian prime minister and an Alberta premier in Edmonton since 2005;
- The Protocol Agreement on Government to Government Relations between the Government of Alberta and Treaty 6, 7 and 8 expired March 31, 2013. The agreement was extended until a new agreement could be developed. Since that time, the government has been actively working towards signing new individual agreements with Treaty 6, 7 and 8 organizations. It is anticipated that a Protocol Agreement will be signed with Treaty 8 in 2016; and
- The work around the modernization of the *Municipal Government Act* (MGA) that began in 2012, and includes, as a key component, an emphasis on municipal partnerships and collaborative approaches to the delivery of services, has been meeting some key milestones. The government introduced a Bill in the Legislative Assembly in May 2016 to put forth the final round of proposed amendments to the MGA. Albertans will provide feedback throughout the summer of 2016 before the proposed legislation is reintroduced in the Legislature later in the year. The aim is to have the new Act ready and enacted before the fall 2017 municipal elections.

### Legal and Regulatory System

The government also uses its legal and regulatory powers to influence the decisions of individuals and communities. Regulation can help achieve important outcomes in many areas, including safety, human rights, health and government accountability. In 2015-16, key regulatory developments include:

- *An Act to End Predatory Lending* was passed in May 2016 which will strengthen consumer protection in Alberta so that a short-term loan in a time of need does not lead to a cycle of debt;
- Research indicates that distracted driving contributes to between 20 and 30 per cent of all collisions and that distracted drivers are three times more likely to be involved in a collision than attentive drivers. Effective January 1, 2016, distracted driving convictions began to include three demerits as well as the current $287 fine;
- In response to national legal developments, an Advisory Committee on Physician-Assisted Death has been tasked with seeking input from Albertans on topics such as age eligibility, location and type of services, advanced directives, reflection period, and whether publicly-funded institutions may opt out;
- The government also prepared a document called "Guidelines for Best Practices: Creating Learning Environments that Respect Diverse Sexual Orientations, Gender Expressions and Gender Identities" to assist school authorities when addressing the needs of individuals with diverse sexual orientations, gender expressions and gender identities. The guidelines are also reflective of recent policy shifts in the *Alberta Human Rights Act*, Alberta Bill of Rights and provincial *School Act*; and
- The *Securities Amendment Act* was passed in May 2016 to update and further harmonize Alberta securities laws with those in other jurisdictions across Canada. The amendments are in place to enhance the protection of Alberta investors, promote the operation of a fair and effective Alberta capital market, and manage and minimize systemic risks.

### Emergency Management

As the climate changes, disaster events such as floods and wildfires are occurring more often. This produces a significant impact on emergency prevention and mitigation, preparedness, response, recovery and safety services.The Government of Alberta is committed to implementing lessons learned from previous disasters and emergencies, and ensuring that when Albertans are impacted by such events, government acts quickly and effectively to help them recover. This has proven extremely valuable as the government provides support to the Regional Municipality of Wood Buffalo and its residents in its response to, and recovery from, the Fort McMurray wildfire that began in early May 2016.

**Outcome 1**

## Alberta has an open, sustainable and increasingly diversified economy that attracts investment and facilitates diversification and expands market access.

Government is committed to growing prosperity and supporting an open, sustainable and diversified economy that attracts investment, encourages innovation and facilitates market access. In October 2015, government established the Premier's Advisory Committee on the Economy with a mandate to provide expert advice to the premier and government. With members from various sectors including industry, academia, non-profit, labour, research and innovation, the committee will provide ongoing advice on diversification initiatives that identify, promote and develop non-energy related economic activity, innovation and job creation.

### Modernized Royalty System

In January 2016, government announced it would modernize royalties for oil and gas wells drilled after 2016 to create a simpler, more transparent and efficient system that encourages job creation and investment, rewards innovation and increases returns to Albertans over time. The modernized royalty framework for crude oil, natural gas and liquids sets out a structure to encourage the reduction of costs in the industry and remove some existing disincentives to activity based on differences in royalty treatment. As well, the effects of existing royalty programs would be included but reduced at higher prices. This is expected to increase net revenues shared by Albertans and industry in all price environments.

Enhanced royalty processes for the oil sands will encourage efficiency, transparency and accountability. Further, the government announced the establishment of the Energy Diversification Advisory Committee that will provide advice on additional steps Albertans can take to build a more diversified and resilient energy economy.

### Access to Capital and Investing in Growth

In October 2015, government announced an investment of $50 million (25 million in each of 2015-16 and 2016-17) to the Alberta Enterprise Corporation to attract and drive venture capital investment in start-up and early-stage technology companies in the province. Government also expanded the capital available to Alberta Treasury Branches by $1.5 billion to support lending to small and medium-sized businesses.

In alignment with the government's economic growth and diversification plan, the Petrochemicals Diversification Program was announced on February 1, 2016. Building on Alberta's large supply of methane and propane, the program will capitalize on the growing global demand for related higher value products and promote greater energy processing in Alberta. By providing incentives through royalty credits, to a total of $500 million, the program will encourage investment in new processing facilities by helping to offset Alberta's high construction and transportation costs.

In the fall of 2015, government also mandated the Alberta Investment Management Corporation to focus up to three per cent of Heritage Fund dollars for latter-stage growth capital.

### Supporting Small and Medium-sized Enterprises

Small and medium-sized enterprises (SMEs) are an invaluable part of the province's economic landscape and are important job creators that contribute to diversifying and strengthening Alberta's economy. In 2015-16, government announced $5 million in additional funding for the Enhanced Innovation Voucher and SME Support Program to support innovative Alberta businesses to commercialize high-tech, made-in-Alberta solutions. Administered by Alberta Innovates – Technology Futures, the program helps small and medium-sized innovative and technology-based businesses access services such as marketing and feasibility analysis.

### Tourism

Also essential to diversifying the economy is Alberta's tourism industry, accounting for approximately 127,000 full-time equivalent jobs in Alberta (2013). Visitor spending impacts many industries including the transportation, retail, accommodation, food and beverage, culture, recreation and entertainment industries. Alberta's reputation as a world-class tourist destination continues to grow, and in 2014, there were over 34.7 million person-visits, generating tourism expenditures of over $8.3 billion. These expenditures are estimated to have a net economic impact of approximately $9.2 billion across tourism-related industries (2013) (see performance measure Total Tourism Expenditures on page 86).

### Reducing Barriers to Trade, Increasing Market Access and Attracting Investment

Another key component to achieving economic prosperity is building relationships with trading partners and looking beyond provincial and national borders to explore market access opportunities and attract investment. In 2015-16, government led and co-led numerous missions across four strategic geographic regions: emerging markets (countries in Latin America and the Caribbean, the Middle East and Africa, South and Southeast Asia, Australia and New Zealand), Europe, Northeast Asia (priority markets of Greater China, Japan and Korea) and United States. Government also continues to play an active role in Trans-Pacific Partnership (TPP) negotiations.

Achieving market access captures the full value of the province's oil resources by reducing market-based price differentials. In order to achieve increased market access, the government is actively participating in national pipeline regulatory processes, building relationships through diplomacy and working with key stakeholders, working with industry to ensure accuracy of information, and promoting one of the most progressive climate frameworks in the world.

In 2015-16, government continued to build Alberta's profile as a partner and reliable supplier of premium agriculture, food and forestry products to increase trade and exports. In 2015-16, 26 Alberta exporters were introduced to new markets. Alberta's agri-food exports by market and by sector continue to grow (see performance measures Agri-food Exports by Sector and Agri-food Exports by Market on page 85). Further, Alberta's International Offices also led and co-led several successful initiatives in support of Alberta companies' trade and investment attraction. The Alberta New Delhi Office led Alberta's September 2015 petroleum marketing mission to New Delhi and the Alberta Singapore Office partnered with the Alberta Petroleum Marketing Corporation in September 2015 to engage with Singapore-based global energy and crude traders for the purpose of positioning Alberta as a reliable energy supplier.

### Investing in Infrastructure

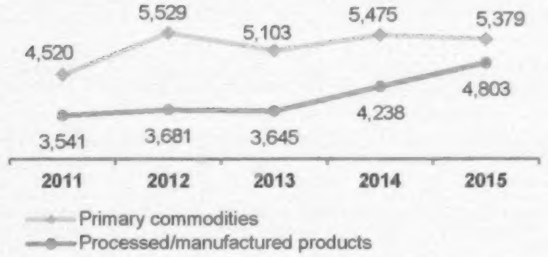
To facilitate economic prosperity, attract investment, and meet the needs of a growing population in Alberta, the quality of public facilities and infrastructure must be maintained. In 2015-16, government announced a 15 per cent increase over five years to the Capital Plan. The five-year investment of $34 billion was allocated to support modern, efficient infrastructure for Alberta families and businesses, including $3.8 billion for schools, $4.7 billion for roads and bridges, $2.2 billion for health facilities and equipment and $4.4 billion in new projects and programs. As well, maintenance funding was increased to $4.9 billion to address the most pressing deferred maintenance needs and to stop the overall deterioration of Alberta's public infrastructure.

Through the Municipal Sustainability Initiative, the government provided $848.7 million in 2015-16 to municipalities to support a wide range of local priority infrastructure projects including: roads, bridges, public transit services, vehicles and facilities; recreation, parks, sports and community facilities; water, wastewater and storm water systems; disaster and emergency services and facilities; and other municipal infrastructure.

## Outcome 1 Alberta has an open, sustainable and increasingly diversified economy that attracts investment and facilitates diversification and expands market access.

### AGRI-FOOD EXPORTS BY SECTOR ($ MILLIONS)

Performance Measure



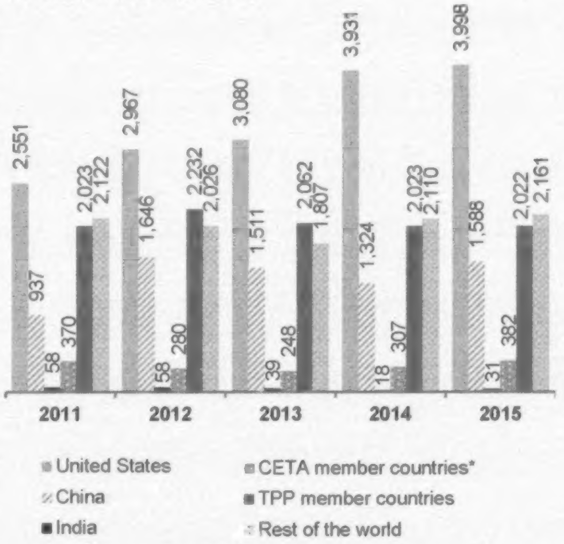
A broader base of export destinations allows industry to benefit from opportunities in emerging markets while maintaining established markets, which is important to the growth and diversification of the agriculture and forest sectors.

In 2015, Alberta's total agri-food exports set another record at $10.2 billion, of which processed agricultural products accounted for 47 per cent of the total. Exports of processed products increased in 2015, **exceeding the target of $3.9 billion,** while commodity exports declined. Although the target of $5.5 billion was not met, primary commodities accounted for over one-half of Alberta total agri-food exports. Revenue from exports of processed or manufactured products, worth $4.8 billion, grew 13 per cent over the previous calendar year, due to higher values and/or quantities of meats, crude canola oil, processed potatoes, animal feed and malt.

Overall, in 2015, the export trend continued to shift towards processed or manufactured products and the gap between primary and manufactured exports has narrowed.

### AGRI-FOOD EXPORTS BY MARKET ($ MILLIONS)

Performance Measure



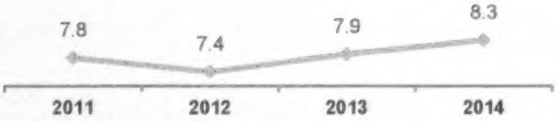
* Excluding the USA

In 2015, Alberta agri-food exports reached another record at $10.2 billion, **exceeding both the target of $9.4 billion and the 2014 record of $9.7 billion**. The low Canadian dollar and continued high livestock prices, particularly for meats, contributed to the increase. Gains were reported mainly in exports of processed or manufactured products such as meats, crude canola oil, processed potatoes, animal feeds, malt and processed cereals, among others. Exports of processed products increased, exports of primary commodities declined.

While agri-food revenues are driven by market conditions and are not wholly under the government's control, growth in revenue does act as an indicator of success in trade development activities.

## Outcome 1 Alberta has an open, sustainable and increasingly diversified economy that attracts investment and facilitates diversification and expands market access.

### TOTAL TOURISM EXPENDITURES IN ALBERTA ($ BILLIONS) Performance Measure

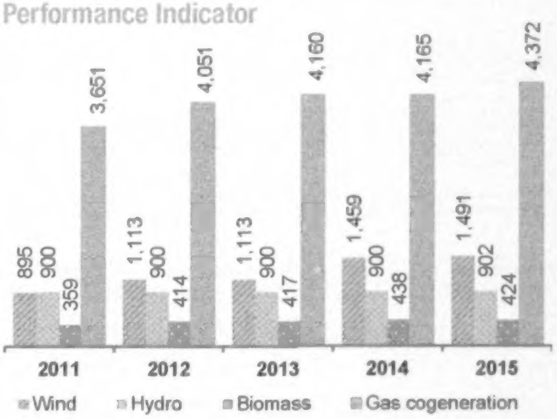


The 2014 result of $8.3 billion was $0.4 billion higher than the 2013 result of $7.9 billion and **$0.6 billion higher than the target of $7.7 billion.** Spending by Albertans is the largest contributor to total tourism expenditures, accounting for 60.4 per cent of the total.

Expenditures by visitors from the United States increased by 12.1 per cent and expenditures by overseas visitors increased by 21.8 per cent in 2014. This may be attributed to several factors, including increased awareness of Alberta as a result of the Travel Alberta brand and marketing efforts, the low Canadian dollar, the recovery in the United States' economy, as well as improved air access from select markets in the United States, Europe and Asia.

Tourism is essential to diversifying Alberta's economy. In 2015-16, government worked to further expand the industry with a goal of generating $10.3 billion in economic activity annually by 2020. Government invests in world-class facilities and infrastructure that will attract more visitors, enhance Alberta's reputation and ensure accessible travel opportunities for families in Alberta. In 2015-16, $67.7 million was provided for tourism marketing and development, including: $56 million to support tourism marketing initiatives through Travel Alberta and $11.7 million to support tourism development and investment attraction.

### ALTERNATIVE AND RENEWABLE ENERGY GENERATION (MEGAWATTS) Performance Indicator



In Alberta, alternatives are defined as energy sources such as natural gas cogeneration that are more efficient than traditional energy sources like coal or natural gas for the production of electricity. **Renewable generating capacity** is the maximum electric output a generating unit can produce without exceeding the design limits. The capacity is measured in megawatts and is capacity that is generated by energy sources that can be regenerated, including wind, hydroelectricity, and biomass. **Cogeneration** is the use of a heat engine or power station to generate electricity and useful heat at the same time. Cogeneration is a thermodynamically efficient use of fuel. In separate production of electricity, some energy must be discarded as waste heat, but in cogeneration some of this thermal energy is put to use. All thermal power plants emit heat during electricity generation, which can be released into the natural environment through cooling towers, flue gas, or by other means.

Over the past five years, alternative and renewable generating capacity has grown steadily with a 24 per cent increase from 2011 to 2015. This was largely driven by growth in both wind and gas cogeneration. Alberta's renewable energy policy framework has created a stable environment to encourage growth in alternative and renewable technologies.

A number of programs exist to to support the development of alternative and renewable energy in the province. For example,the Bioenergy Producer Credit Program, finalized on March 31, 2016, was a five-year program that supported the production of energy products from biomass. In 2015-16, almost $70 million was paid to grant recipients under the program.

**Outcome 2**

## Alberta's education system enables all Albertans with the necessary skills to participate in a diversified, 21st century economy.

Investing in an accessible high-quality education system and helping employers find and retain the workers they need are two critical investments in building the foundation for Alberta's economy to grow, diversify and compete.

### Kindergarten to Grade 12 Enrolment Growth

In 2015-16, government continued to work with school boards and communities to address enrolment growth and ensure students have every opportunity to succeed. In May 2015, government restored $103 million in funding, cut by the previous government, and since *Budget 2015* in October 2015, an additional $333 million was allocated to address enrolment growth and support student learning. This funding supported the hiring of more teachers, including diverse learning teachers, and put specific supports in place for vulnerable students, including Indigenous learners.

### Inclusive Learning Environments

Creating learning environments that respect diverse sexual orientations, gender identities and gender expressions continues to be a priority for government. In 2015-16, government released a new resource to assist school boards in drafting policies to support welcoming, caring, respectful and safe schools. The resource, "Guidelines for Best Practices: Creating Learning Environments that Respect Diverse Sexual Orientations, Gender Identities and Gender Expressions" will assist school authorities when addressing the needs of individuals with diverse sexual orientations, gender expressions and gender identities.

Government also remains committed to working collaboratively with Indigenous education partners and with the federal government to ensure Indigenous students have the instructional supports they need, while receiving an education that reflects their rich culture and perspectives. A 2015-16 Agreement between the Government of Alberta and the Kee Tas Kee Now Tribal Council, is the first of its kind in Alberta and will benefit students from five First Nations in northern Alberta. The agreement outlines the framework for establishing a First Nations education authority, enhances second-level supports and strengthens the capacity to provide education to these students in a culturally-relevant environment in order to increase attendance and high school completion.

The 2015-18 Building Collaboration and Capacity in Education (BCCE) grant program facilitates collaboration between provincial school authorities and First Nations to increase opportunities for First Nations students to receive comprehensive and coordinated education programs and services that are responsive to their needs. Over 80 per cent of the 48 First Nations communities in Alberta have applied for funding under the BCCE.

### Career and Technology Foundations

In March 2016, government announced the Career and Technology Foundations (CTF) program for students in Grades 5 to 9. The CTF program, which provides a foundation for students to transition into Career and Technology Studies in Grade 10 through 12, helps students explore their interests, learn from industry professionals, and better understand their career options before entering high school. With CTF, students develop critical thinking, collaboration and communication skills through hands-on learning within occupational, practical and community settings.

### Post-secondary Education System

In 2015-16, government took a number of steps to ensure that post-secondary education is accessible and affordable. To start, government froze tuition fees at 2014-15 levels for two years. It also directed institutions to freeze mandatory non-instructional fees and apprenticeship material fees, and cancelled previously approved market modifier tuition increases in 25 programs at 10 institutions.

## Outcome 2 Alberta's education system enables all Albertans with the necessary skills to participate in a diversified, 21st century economy.

As part of its commitment to provide stable and predictable funding for the post-secondary system, government increased base funding for post-secondary institutions by two per cent in 2015-16 – an increase of $40.3 million over 2014-15. Government also provided post-secondary institutions with $16 million in funding to cover lost revenues associated with the tuition freeze and $22 million to cover the cancellation of the previously approved market modifier increases. Further, government provided over $536.8 million in Alberta student loans and $45 million in grants to support over 70,000 students in 2015-16.

### Alberta's Labour Force

A strong economy requires an active labour force. The labour force participation rate provides an indication of the relative size of the supply of labour available for the production of goods and services. At 73.0 per cent, Alberta had the highest labour force participation rate in Canada in 2015. Alberta's participation rate is significantly higher than the national labour force participation rate of 65.8 per cent (see performance indicator Labour Force Participation on page 89).

In 2015-16, government re-established the Summer Temporary Employment Program (STEP) which helps students gain valuable work experience while helping non-profit organizations, small businesses and other employers access a new workforce. For the first time, STEP was made available to small businesses. This is an important expansion of the program at a time when having a job is top of mind for so many Albertans. STEP is expected to provide wage subsidies for over 2,600 student positions in summer 2016.

Over the course of the year, government also invested significant resources to improve labour force participation. This included $645,000 in program grants to support career counselling and job placements to assist veterans, reservists and individuals retiring or releasing from the armed forces transition to civilian employment. In addition, over $1.2 million in funding was provided to Women Building Futures to help women build careers in the construction trades and over $150,000 was allocated to help individuals from under-represented populations to find careers in the food-service industry. Also, in 2015-16, the Alberta Immigrant Nominee Program (AINP) issued 5,500 nomination certificates resulting in 11,365 individuals (nominees along with their spouse/common law partner and dependent children) having the opportunity to become permanent residents of Canada (see performance indicator Success of AINP on page 90).

### Canada-Alberta Job Grant (CAJG)

The objective of CAJG is to train current and new employees with the skills required to not only improve their performance in existing roles, but also to provide the skills required for future employment. Employers contribute a minimum of one-third for direct training costs, such as tuition and books, and the CAJG contributes up to two-thirds, to a maximum of $10,000 per trainee. In 2015-16, over $16 million in funding was committed for almost 3,800 applications, resulting in over 11,000 approved training courses for Albertans.

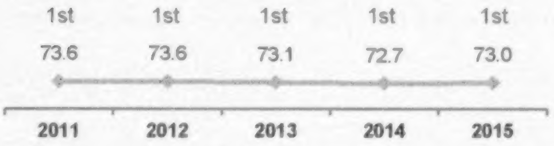
### Infrastructure

Government made significant investments in post-secondary infrastructure in 2015-16. On a consolidated basis, a total of $726 million was spent on post-secondary capital projects during the year, which includes projects self-funded by post-secondary institutions. Major projects directly funded by government include the NAIT Centre for Applied Technology, NorQuest College expansion and retrofit, University of Calgary Schulich School of Engineering, Mount Royal University Library and Learning Centre, Lethbridge College Trades and Technology Renewal and Innovations project and MacEwan City Centre Campus. Further, government made progress on the 200 school projects currently underway, with more than 60 per cent under construction or complete.

**Outcome 2** **Alberta's education system enables all Albertans with the necessary skills to participate in a diversified, 21st century economy.**

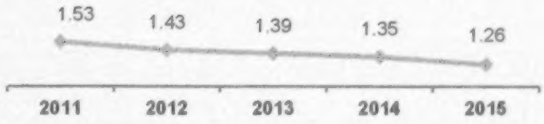
## LABOUR FORCE PARTICIPATION (RANK AND PERCENTAGE) Performance Measure

Alberta's ranking compared to the 10 provinces:



Alberta had the highest labour force participation rate in Canada in 2015, **meeting the target rank of 1st**. The labour force participation rate increased slightly in 2015, from 72.7 per cent in 2014. Alberta continues to rank number one among all Canadian provinces, with a participation rate 2.9 percentage points higher than number two-ranked Saskatchewan. Alberta's rate is significantly higher than the national labour force participation rate of 65.8 per cent. The Alberta government works with business, industry and the federal government to increase the labour force participation of Albertans to help meet the province's labour force needs.

## LOST-TIME CLAIM RATE (LTCR) (NUMBER) Performance Measure



The LTCR decreased to 1.26 in 2015 which is an improvement from 1.35 in 2014 and **below the target at 1.35.** With the exception of 2011, the LTCR has seen a definitive decrease since 2007.

Government efforts to improve the LTCR include working with employers who have high rates of injury and disease to improve their safety management systems. Government also increases awareness of workplace safety and promotes safe practices in the workforce through issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards. The LTCR is also affected by external forces arising from the economic cycle. For example, economic prosperity usually brings a large number of inexperienced workers into workplaces.

## COMPARISON OF LABOUR FORCE PARTICIPATION Performance Indicator

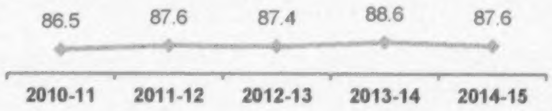
| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **All Albertans** | 73.6 | 73.6 | 73.1 | 72.7 | 73.0 |
| **Aboriginal Albertans living off-reserve** | 67.5 | 71.0 | 71.9 | 72.2 | 70.7 |
| **Alberta's immigrant population** | 70.2 | 70.1 | 68.4 | 69.9 | 70.4 |
| **Alberta youth (15–24)** | 69.9 | 68.2 | 67.9 | 67.4 | 68.6 |

This performance indicator helps to show areas where Alberta's labour force may not be as strong and can be used to formulate employment policies, determine potential training needs and inform the development of targeted programs.

Alberta's labour force participation rate increased slightly compared to 2014. This reverses a mild declining trend that had occurred over the past few years. The rate for Aboriginal Albertans living off-reserve decreased in 2015, compared to 2014. In 2014, the labour force participation rate for Aboriginal Albertans living off-reserve was at its highest rate in the last five years.

The rate for landed immigrants in Alberta increased in 2015 compared to 2014. In 2015, labour force participation rate for landed immigrants was at its highest level in the past six years.

## ACHIEVEMENT ON LANGUAGE ARTS (LA) DIPLOMA EXAMINATIONS (PERCENTAGE) Performance Measure



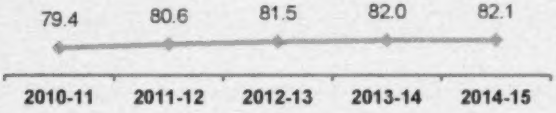
The LA diploma examination results could not be assessed against the target as current year data are not available. Provincial assessment measure results for 2015-16 will be available in October 2016 and published in the Annual Report Update for Education.

The LA diploma examination measure is an aggregate of four LA courses. This reflects a focus on fundamental literacy skills, an important outcome for Alberta's K–12 education system.

## Outcome 2

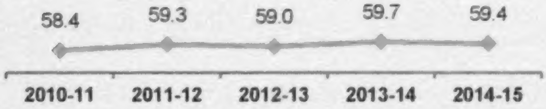
## Alberta's education system enables all Albertans with the necessary skills to participate in a diversified, 21st century economy.

### STUDENTS COMPLETING HIGH SCHOOL WITHIN FIVE YEARS OF ENTERING GRADE 10 (PERCENTAGE) Performance Measure



In 2014-15, 82.1 per cent of students completed high school within five years of entering Grade 10. **The target of 82.5 per cent was not met.** The high school completion rate has improved over time. This indicates that parents, students and schools continue to recognize high school completion is important for students' future success. Survey results indicate that the percentage of students employed appears to be declining. This may have had a positive impact on the high school completion rate. Some students who do not complete high school in the K-12 education system do so as young adults in the adult learning system.

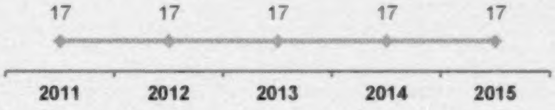
### HIGH SCHOOL STUDENT TRANSITION TO POST-SECONDARY PROGRAMS (PERCENTAGE) Performance Measure



In 2014-15, 59.4 per cent of Alberta's high school students made the transition to post-secondary within six years of entering Grade 10. **The target of 60.0 per cent was not met**; however, the six-year transition rate has improved over time. A substantial proportion of Alberta's young people delay their entry to post-secondary programs after high school.

Entering post-secondary and apprenticeship programs indicates that high school students are prepared for further education and training.

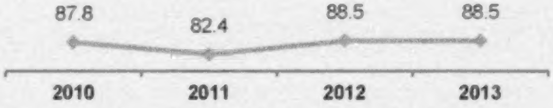
### POST-SECONDARY EDUCATION AGE 18–34 (PERCENTAGE) Performance Measure



The percentage of Albertans aged 18-34 participating in post-secondary programs has been 17 per cent for the past nine years. Based on this stability, targets were set to increase incrementally from the last result achieved. This targeted increase struck a balance between the ministry's efforts to increase post-secondary participation and those factors that put downward pressures on the participation rate—such as the in-migration of already credentialed workers, socio-economic trends, and economic and labour market conditions.

**The difference between the results achieved (17 per cent) and the target set (18 per cent) is not statistically significant.**

### SUCCESS OF ALBERTA IMMIGRANT NOMINEE PROGRAM (AINP) (PERCENTAGE) Performance Indicator



The 2013 result of 88.5 per cent is consistent with the results achieved in previous years. Nominees who have remained in Alberta at least one year after landing are more likely to be economically and socially established in Alberta, integrated into their communities, and be long-term contributors to the economy.

The proportion of AINP nominees who are still residing and working in Alberta one year after obtaining permanent residency is one indicator of Alberta's ability to retain a skilled, resilient and productive workforce. It demonstrates the program's success in retaining work-ready people in Alberta to help meet the province's unique labour market needs.

## Outcome 3

## Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

The government acknowledges that Albertans and the province's economic partners demand that Alberta take decisive and immediate action to promote clean air, water, land and biodiversity conditions that contribute to a sustainable, healthy environment. Government is living up to its responsibility to be part of the solution on climate change and, in turn, address energy issues on their economic and environmental merits in a new atmosphere of greater trust as well as mutual economic interest. Interests including economic diversification through a green economy that creates growth in income and employment while reducing carbon emissions and pollution, enhances energy and resource efficiency, and prevents the loss of biodiversity and ecosystem services.

### Climate Leadership Plan

In June 2015, the government established the Climate Change Advisory Panel. The panel was tasked to engage Albertans, industry partners, Indigenous communities and experts in review of Alberta's existing climate change strategy and make recommendations on creating a comprehensive new provincial policy. This new policy is envisioned to position Alberta as a global leader in addressing climate change, while advancing environmental protection and conservation, energy efficiency and renewable energy for the benefit of Albertans. In November 2015, the advisory panel summarized what they heard during their engagement activities and provided recommendations for action. In response, government released the Climate Leadership Plan (the Plan) on November 22, 2015. The Plan describes four areas of focus for reducing emissions including: carbon pricing; phase out emissions from coal-fired electricity emissions and enabling the increased development and use of renewable energy in Alberta by 2030; a limit on oil sands emissions; and reducing methane emissions from the oil and gas sector.

The Climate Change Office was established to provide capacity and focus for the implementation of the Plan, including aligning across government efforts to advance new policy and achieve integrated and effective implementation of the Plan. In Alberta, greenhouse gas emissions in 2014 reflected higher overall emissions than previous years. Emissions continue to be driven by growth in the oil and gas sector (see performance measure Greenhouse Gas Emissions on page 93 and further information in the Sources and Notes section on page 110).

### United Kingdom-Alberta Low Carbon Innovation and Growth Framework

Alberta partnered with the United Kingdom to reduce greenhouse gas emissions and take real action against climate change. Through this framework, this partnership will bring industry, innovators and other stakeholders together to grow low carbon economies in both jurisdictions. Focus areas include increasing the proportion of renewables in energy markets; promoting energy efficiency; smart cities; environmental performance, including emission reduction and water usage; and energy regulation and performance, including in onshore shale gas.

### Alternative and Renewable Energy

In Alberta, alternatives are defined as energy sources such as natural gas cogeneration that are more efficient than traditional energy sources, like coal or natural gas, for the production of electricity. Renewable energy is defined as energy sources that can be naturally regenerated within a human lifespan and in Alberta they include wind, solar, hydroelectricity, geothermal, biogas and biomass. Through its policy framework, the Government of Alberta supports the development of alternative and renewable energy in the province.

Over the past five years, alternative and renewable generating capacity has grown steadily with a 24 per cent increase from 2011 to 2015. This was largely driven by growth in both wind and gas cogeneration. Alberta's policy framework has created a stable environment to encourage growth in alternative and renewable technologies (See performance indicator Alternative and Renewable Energy Generation on page 86).

**Outcome 3**

## Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

Although agriculture is a minor energy user, it is a significant contributor of emissions. Government is focused on mitigating emissions in the agriculture sector through the adoption of better technologies and practices. The agriculture industry is well suited to adapt as the adoption of energy efficient technologies typically results in demonstrated benefits in less than two years. In 2015-16, a total of 248 grants, totalling approximately $3 million were provided to individual agricultural producers, farm businesses and not-for-profit organizations to support the adoption of energy efficient technologies.

### Environmental Monitoring and Reporting

A new structure is being established to improve the province's environmental monitoring and reporting system. The new model replaces the Alberta Environmental Monitoring, Evaluation and Reporting Agency, which an independent review has determined is no longer the right delivery model to ensure effective and accountable oversight of environmental monitoring on behalf of Albertans. As part of government's commitment to building standards based on international best practices and a renewed partnership with Indigenous communities, the new structure will move the environmental monitoring, evaluation and reporting functions back into government to join a new Monitoring and Science Division. Staffed by scientists and monitoring, evaluation and reporting experts, this division ensures seamless and timely information on the state of Alberta's environment: base data and science that provides knowledge critical to ensuring the protection of the province's natural environment.

### Upgrades to Alberta's Parks' Facilities and Infrastructure

Government continues to maintain and upgrade Alberta parks' facilities and infrastructure through the Capital Maintenance and Renewal Program (CMR). In 2015-16, approximately 50 projects were initiated, including upgrades to water supply and wastewater systems at several parks, washroom facility upgrades at the Sikome Aquatic Facility, new cabins at William Watson Lodge, yurts at Miquelon Lake Provincial Park, outhouse replacements at several provincial parks and day use areas and trail upgrades at several parks. Through CMR, more than $150 million was spent over the past 10 years to upgrade and modernize existing government parks' assets. Overall visitor satisfaction at provincial parks has been gradually trending upwards (see performance measure Visitor Satisfaction at Provincial Parks on page 93).

### Land Trust Grant Program

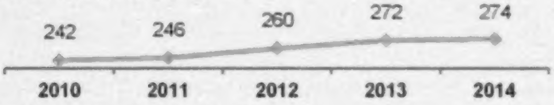
In 2015-16, The Land Trust Grant Program helped protect more than 13,500 acres with grants totaling $5.9 million. The program is funded from the Land Stewardship Fund which is dedicated to providing grants to eligible land trust organizations to support the conservation of the natural environment. Since 2011, the program has helped protect more than 80,000 acres with grants in excess of $37 million.

### The Green Transit Incentives Program (GreenTRIP)

In 2015-16, GreenTRIP continued to support new and expanded public transit throughout Alberta by providing capital funding assistance for public transit infrastructure and technology. Providing a wider range of sustainable public transit alternatives makes public transit more accessible thereby reducing the number of vehicles on Albertan roads and greenhouse gas emissions. In 2015-16, approximately $185 million GreenTRIP grants were paid in support of 12 projects in communities and municipalities across the province. At the same time, work continued on developing criteria for a new municipal transit initiative and a provincial transit strategy to guide this important work in the future.

## Outcome 3 Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

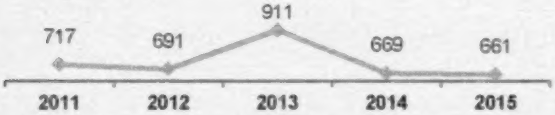
### GREENHOUSE GAS EMISSIONS (MEASURED IN MILLION TONNES OF $CO_2$ EQUIVALENT) Performance Measure



The results for 2014 reflect higher overall emissions compared with emissions relative to previous periods. Greenhouse gas increases in Alberta continue to be driven by emissions growth in the oil and gas sector. **The target of 263 million tonnes of $CO_2$ equivalent was not met**; emissions exceeded the target by 11 million tonnes. Compared to 2013 greenhouse gas emissions have increased by two million tonnes.

Factors contributing to emissions span several sources and include increases from upstream and downstream oil and gas projects; electricity; energy from transportation; and agriculture. The province also realized decreases in emissions for building infrastructure; energy intensive and trade exposed sectors (pulp and paper, cement, chemical and fertilizers); and waste.

### MUNICIPAL SOLID WASTE TO LANDFILLS (KILOGRAMS) Performance Measure

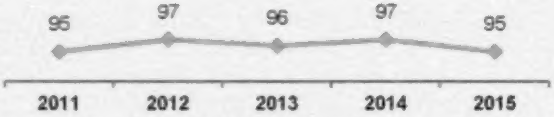


The amount of municipal solid waste per cpita per year sent to landfills indicates Alberta's progress toward reducing the annual amount of municipal solid waste disposed in landfills.

The result for 2015 was five kilograms per capita **below the target of 666 kilograms**. The anomaly seen in 2013 is not reflective of historical trends and represents elevated volumes of waste generated from the southern Alberta floods.

A number of factors can influence this measure including government or private sector waste reduction initiatives, the overall state of Alberta's economy and natural disasters. For example, the 2016 result will be directly impacted given the response and recovery efforts for the 2016 Fort McMurray wildfires.

### AIR QUALITY INDEX (PERCENTAGE OF GOOD DAYS) Performance Indicator

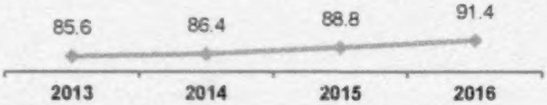


Alberta had 'good' air quality days occurring 95 per cent of the time. Year-to-year changes in the percentage of good air quality days are almost entirely accounted for by the occurrence of forest fires, springtime ozone and smog events.

Air quality is influenced by the amount of air emissions derived from both natural and man-made sources, and also weather patterns and the assimilative capacity of the airsheds. Industrial and transportation emissions are the largest man-made sources, and forest fires are the largest natural source of air pollution in Alberta.

Air quality data for 2016 is expected to be directly impacted by the 2016 Fort McMurray wildfires.

### VISITOR SATISFACTION AT PROVINCIAL PARKS (PERCENTAGE) Performance Indicator



Albertans who visit Alberta parks have opportunities for enjoyable and safe experiences in nature and a variety of nature-based outdoor recreation activities. Consistent with last year, the majority of Albertans (91.4 per cent) who have visited Alberta parks in the past 12 months are satisfied overall with the quality of services and facilities in the Alberta parks they visited.

Overall satisfaction has been gradually trending upward since 2013. Satisfaction is influenced by weather, population shifts, the economy, public awareness of facilities and services, and frequency of visits.

## Outcome 4 A health care system that is sustainable, patient-focused and meets the needs of a growing province.

The Government of Alberta is committed to ensuring the sustainability of the health care system today and into the future, while maintaining the quality of front-line services and meeting the health care needs of Albertans. This means transforming the health system to one that provides better outcomes in a more sustainable way and decreasing the annual growth rate of the health budget.

### Access to Health Care

In 2015-16, 69 per cent of Albertans were satisfied or very satisfied with health care services received. Patient satisfaction is a critical dimension of quality and is an indicator of the structure, process and outcomes of care in the health care system (see performance measure Satisfaction with Health Care Services on page 96). The government reversed planned budget reductions proposed in March 2015, including decreases for Alberta Health Services' base operating funding. This prevented the elimination of approximately 1,500 front-line nursing and health care positions. With the introduction of *Budget 2015* in October 2015, the government moved to stabilize the public health care system by providing predictable, long-term funding.

### Mental Health Strategy

In June 2015, the government initiated a comprehensive review of Alberta's addiction and mental health system. Released in February 2016, *Valuing Mental Health: Report of the Alberta Mental Health Review Committee* was the result of extensive consultations with Albertans through an online survey and public meetings. The final report included 32 recommendations aimed at supporting mental health by strengthening service delivery for Albertans with mental illness and/or addictions.

### Enhancing Home and Community Care Capacity

The government continues to shift the continuing care system from facility-based to community-based care. Alberta's home and community care program provides a range of in-home and community-based health and personal support services necessary to help Albertans maintain their independence while avoiding or delaying admission to facility-based care. Expanding home and community care services to reduce use of more costly facility-based care is key to decreasing the rate of growth in health system costs. Government completed initial planning for an expanded model of home and community care, including a zone-by-zone assessment of differences in the availability of home care services. Increasing service availability in rural areas will be a priority moving forward.

In 2015-16, government provided $20 million in grant funding for a collection of innovative home care initiatives. The programs support Albertans so they can remain in their own homes longer, return home as quickly as possible after a hospital stay, and avoid premature or unnecessary admission to continuing care facilities and hospitals. Evaluation results from these initiatives will help inform future directions in home and community care.

### Health Infrastructure

As part of the five-year capital plan, $11.8 million was spent in Edmonton to expand the Stollery Children's Hospital surgical suite and $2.25 million to redevelop and expand the critical care units. In addition, $20.5 million was spent on addictions and detox centres and the new CASA Child, Adolescent and Family Mental Health facility in Edmonton.

In Calgary, $2 million was spent to advance the planning for the new Calgary Cancer Centre at the Foothills Medical Centre campus. The Calgary Cancer Centre will replace the Tom Baker Cancer Centre and provide inpatient beds and additional patient services. The new Cancer Centre is integral to meeting Alberta's rising need for cancer care and providing world-class cancer treatment for patients and families in Calgary and southern Alberta. Further, in 2015-16, $87.5 million was provided to Alberta Health Services for health facility maintenance across the province to ensure high standards for health care workers and their patients.

### Health Spending

Alberta has been among the highest in per capita spending on health care for many years, and health spending makes up about 40 per cent of the annual provincial budget. An important factor in transforming the health care system is controlling those costs that have been growing the fastest: acute care, physician compensation and drugs.

With respect to acute care, Alberta Health Services continues to review operational best practices where resources can be realigned to support the changing needs of patients. This is the single best way to reduce costs, maintain or improve care, and ensure sustainability. Government signed a memorandum of agreement with the Alberta Medical Association to begin negotiations regarding physician compensation with the objective of slowing the growth rate of the physician services budget, improving the effective provision of health care to Albertans, and jointly ensuring the sustainability of the health care system.

The rising cost of prescription drugs continues to put pressure on government budgets. Alberta is an active participant in collaborative effects with other jurisdictions across Canada to achieve better pricing on drugs and address other pharmaceutical-related matters such as best practices in regard to the availability of generic drugs. The pan-Canadian Pharmaceutical Alliance (pCPA) experienced significant success in 2015-16 with the establishment of the Office of the pCPA and the addition of Quebec and federal drug plans. This is expected to lead to increased consistency of coverage across Canada. The pCPA's expanded negotiating power will help all drug plans achieve lower, more sustainable drug costs. As of April 2016, the pCPA had completed 105 negotiations and had another 23 negotiations underway.

In October 2015, the government launched the Retina Anti-Vascular Endothelial Growth Factor Program for Intraocular Disease (RAPID), a pilot project in partnership with the Retina Society of Alberta. Under the RAPID program, Albertans are able to choose treatment with either of two drugs, both of which treat age-related macular degeneration, diabetic macular edema, retinal vein occlusion and other retinal conditions. The program is expected to save the province between $23 million and $46 million over three years and has resulted in over 4,000 individuals receiving treatments for retina conditions with no out-of-pocket costs for their treatments.

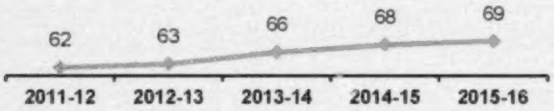
### Addressing Illicit Fentanyl Use

The last several years have seen a substantial increase in the use of illicit fentanyl. In 2015, there were 272 overdose deaths involving fentanyl in Alberta, up from 120 in 2014. Illicit fentanyl is highly toxic and a very small amount can be deadly. The government has undertaken several initiatives to address this issue, including:

- expanding the scope of practice for registered nurses, emergency medical technicians and emergency medical responders to allow them to distribute and administer naloxone, a drug that can be used to reverse fentanyl and other opioid overdoses;
- enabling pharmacies across Alberta to provide take-home naloxone kits free-of-charge and providing funding to the Alberta Community Council on HIV to offer support and take-home naloxone kits through its partner agencies. As at March 2016, this project has distributed 1,438 kits throughout the province and reported 122 overdose reversals; and
- working with Health Canada, Alberta Health Services and Indigenous communities to ensure naloxone is available to First Nations people on and off reserve; and, working in partnerships with First Nations communities to develop an opiate addictions action plan.

## Outcome 4 A health care system that is sustainable, patient-focused and meets the needs of a growing province.

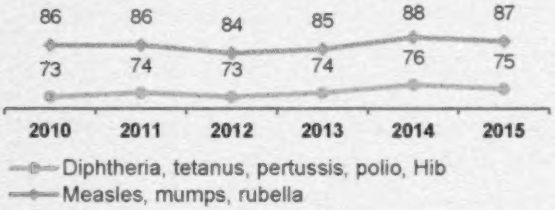
### SATISFACTION WITH HEALTH CARE SERVICES (PERCENTAGE) Performance Measure



In 2015-16, 69 per cent of Albertans surveyed were satisfied or very satisfied with health care services received. **This exceeds the 2015-16 target of 68 per cent**.

In addition to personal experiences with the health care system, survey respondents may be influenced by recent news reports, current events, changes to local health system infrastructure, and perceptions of policy or system changes.

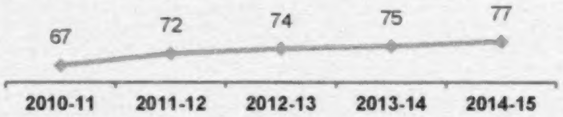
### CHILDHOOD IMMUNIZATION BY AGE TWO (PERCENTAGE) Performance Measure



The rate of immunization to prevent measles, mumps, rubella was 87 per cent in 2015-16, which **did not meet the target of 98 per cent**. Alberta Health Services continues to offer extra clinics to update measles immunization in an ongoing effort to improve immunization rates. The immunization rate for diphtheria, tetanus, pertussis, polio, Hib (influenza) immunization **did not meet the target of 97 per cent for 2015-16**.

In 2015, Alberta Health Services implemented a project to better understand the workload in each of the zones with a goal to reduce clinic wait times and improve collection and reporting of immunization data at the local geographical level. Government is also focusing on educating health professionals and parents about the safety and effectiveness of vaccines so that parents can make an informed choice.

### PRIMARY CARE ENROLMENT (PERCENTAGE) Performance Measure



For 2014-15, the result for this measure shows that 77 per cent of Albertans have access to primary care through a primary care network (PCN). This result is one percentage point **higher than the target of 76 per cent** for 2015-16.

The increase in the percentage of patients enrolled in a PCN may be due to an increase of 274 in the number of physicians participating in existing PCNs. This increase brings the total number of physicians participating in PCNs in 2014-15 to 3,564. The trend demonstrates a gradual increase over time in both the number of physicians and patients associated with PCNs.

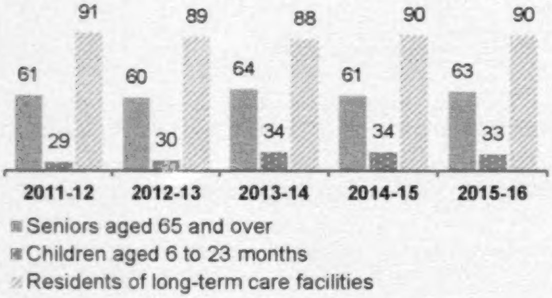
Alberta's Primary Health Care Strategy sets out the vision for the future of Alberta's health care system: *a primary health care system that supports Albertans to be as healthy as they can be*. It establishes principles and strategic directions for continuing the transformation of primary health care in Alberta.

Primary health care is the hub for the co-ordinated delivery of health care and community social services. This means better and more seamless care with providers working together and understanding an individual's overall situation. In a collaborative environment, providers across programs and services join efforts to provide care. They share responsibilities for outcomes and they involve multiple providers in caring for Albertans.

# Outcome 4 A health care system that is sustainable, patient-focused and meets the needs of a growing province.

## INFLUENZA IMMUNIZATION (PERCENTAGE)

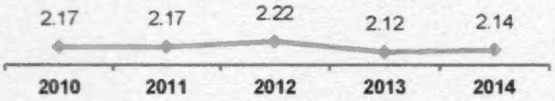
### Performance Measure



Immunization rates for all three high risk groups were below the 2015-16 targets. There was a two percentage point increase in the immunization rate for seniors aged 65 and over, however, the **target of 75 per cent was not met**. The result of 33 per cent immunization rate for children six months up to and including 23 months of age was **well below the target of 75 per cent for 2015-16**. The percentage of residents of long-term care facilities who were immunized was 90 per cent, **below the target of 95 per cent.**

Alberta Health Services Zones have used a number of strategies to increase influenza immunization rates for young children, such as more drop-in clinics (including day and child care centres), and targeted reminder calls and mail-outs.

## HEALTHY ALBERTA TREND INDEX (AVERAGE NUMBER) Performance Measure

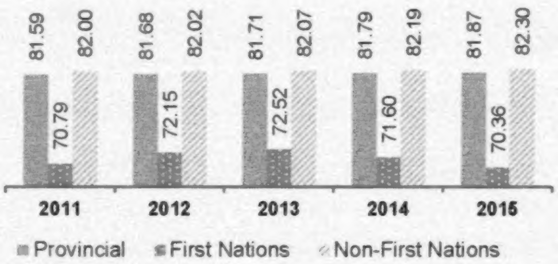


The Healthy Alberta Trend Index (HATi) for 2014 was 2.14, slightly above the result of 2.12 in the previous year. **Both results remain higher than the target of 2.06.** The HATi is a composite index that measures six, self-reported complex health behaviours such as the consumption of fruits and vegetables; physical activity; daily smoking; life stress; overweight/obesity; and binge drinking.

Shifts in the trends are driven by a range of factors including to a large extent, social and economic conditions, as well as by targeted policy and program initiatives that are of sufficient reach, scope and dose to have an effective impact on whole populations.

## LIFE EXPECTANCY AT BIRTH (YEARS)

### Performance Indicator



There is a large difference in life expectancy for Alberta's First Nations population in comparison to Alberta's Non-First Nations population or the total provincial population. Life expectancy at birth in 2015 was 70.36 years for First Nations people, which are about 12 years shorter than 82.30 years for Non-First Nations people and 81.87 years for the total provincial population.

In comparison to the statistics for Alberta's provincial population, the First Nations population experience a higher number of pre-term births, an infant mortality rate that is more than one and a half times higher, a suicide rate that is five to seven times higher, a higher rate of diabetes and significantly higher rates of arthritis, asthma, heart disease and high blood pressure. To improve the health status of a population, a broad range of factors need to be considered, including health services, personal health practices and coping skills, as well as social factors such as housing and education.

Addressing health inequities requires emphasis to be placed on primary prevention and advanced access to primary health care to enable early diagnosis and treatment of diseases and conditions. The Government of Alberta has committed to addressing this health crisis.

Alberta Health and Alberta Health Services are engaged at trilateral Health Services Integration Fund /Joint Action Health Plan tables with Health Canada and Treaties 6, 7 and 8 First Nations in Alberta. The tables aim to enhance relationships and collaborate on initiatives to improve health outcomes of Indigenous peoples in Alberta.

## Outcome 5

## A system of supports for seniors that will assist them in remaining independent and participating in their communities.

The Government of Alberta is working to provide seniors with the programs and supports that will assist them in remaining active participants in their communities. This includes supporting senior safety and well-being, and recognizing seniors for their contributions to communities across the province. Government is also committed to increasing continuing care capacity for seniors so they can age in their communities, close to family and friends. More continuing care spaces will also help ease pressure on Alberta's acute care system by helping people transition out of hospitals and into care that better meets their needs. It will also mean less pressure on emergency departments and more timely admission for those who need acute care.

### Continuing Care Spaces

In October 2015, the government announced that twenty-five projects would receive capital grant funding under the Affordable Supportive Living Initiative (ASLI) to provide new continuing care spaces. These projects were approved following a thorough review of the 2014-15 ASLI program to ensure the projects were financially viable, located in communities with the highest need, and aligned with government priorities for dementia and long-term care spaces.

ASLI funds will cover up to 50 per cent of capital costs of the new spaces, with remaining amounts coming from the applicants. Contracts with Alberta Health Services will provide operating funding for dementia care and long-term care spaces. Grant recipients are required to maintain the spaces at government-establishment accommodation rates for 30 years. Government is committed to delivering the remainder of the 2,000 long-term care spaces and to address the ongoing need for additional new capacity going forward. In 2015-16, 60 per cent of clients were placed in continuing care living options within 30 days of being assessed. This did not meet the target of 70 per cent, however, planned expansions and improvements to home and community care are expected to address current capacity issues (see performance measure Continuing Care Access on page 99).

### Supports for Seniors

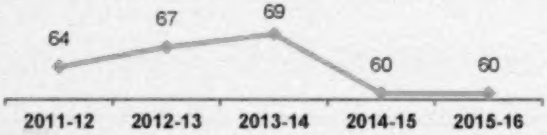
Government continues to deliver a number of distinct programs to assist Alberta's seniors in their daily lives, including the Alberta Seniors' Benefit, Supplementary Accommodation Benefit, Special Needs Assistance for Seniors and Seniors Property Tax Deferral, all of which provide direct financial assistance to vulnerable seniors. Through the Alberta Seniors Benefit, more than 150,000 seniors received financial assistance to help them continue living independently in their communities. Other support programs provided financial help for seniors for health and personal supports, home repairs, appliance purchases and the ability to defer property taxes to help seniors remain in their own homes and communities.

Government also partnered with stakeholders to deliver events such as Seniors' Week, the Minister's Seniors Service Awards and the Grey Matters Conference to recognize seniors, to support the contributions of senior-serving organizations and to increase information sharing on issues of relevance to Alberta seniors, such as preventing and addressing elder abuse and encouraging age-friendly initiatives in communities.

Government supports several different independent living options for seniors. The Seniors Self-Contained Housing Program provides funding assistance to Housing Management Bodies which assist 15,000 seniors living independently in these communal facilities. In addition, affordable and accessible transportation is necessary for seniors to remain living independently in their communities. In 2015-16, government worked with the University of Alberta's Medically At-Risk Driver centre to develop the Toolkit for the Implementation of Alternative Transport for Seniors in Alberta. The toolkit is a free resource that provides guidance to communities on creating their own transportation programs.

## Outcome 5 A system of supports for seniors that will assist them in remaining independent and participating in their communities.

### CONTINUING CARE ACCESS (PERCENTAGE) Performance Measure



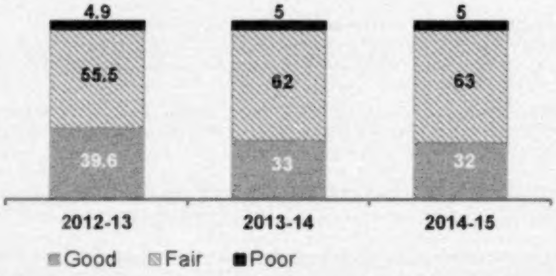
In 2015-16, 60 per cent of clients were placed in continuing care living options within 30 days of being assessed. **This did not meet the target of 70 per cent**.The decline in performance in getting clients into continuing care spaces in 2014-15, continued through 2015-16, and is likely due to issues associated with a policy change.

In May 2015, Alberta Health Services began implementing the new Designated Living Option: Access and Waitlist Management in Continuing Care policy, which establishes a consistent, principle-based, transparent approach for individuals to access a continuing care living option. The approach taken in this new policy (as compared to the previous "First Available Bed" policy, rescinded in June 2013) is more person-centred. The new policy requires that each client and their family receives enough information, support, and time to decide on one or more living options that will be suitable to meet the client's needs and preferences. This additional time is necessary to ensure that clients and families have sufficient opportunity for research and discussions to support them in making an important life decision. This process may impact the length of time between assessment and admission for those waiting for admission to a continuing care living option.

Capacity issues are expected to be partly addressed when the planned 2,000 long-term care and dementia care spaces become available over the next few years. Planned expansions and improvements to home and community care are also expected to help to address current capacity issues.

The Ministry of Health and Alberta Health Services have recently agreed to set a performance target on this measure for 2016-17 of 62 per cent, increasing three per cent annually through 2018-19, which will allow for stabilization to continue and improvements to be made as capacity development progresses.

### HOUSING FACILITIES CONDITION RATING INDEX (PERCENTAGE) Performance Measure



The percentages over the last two actuals reported for 2013-14 and 2014-15 have been **relatively stable and are consistent when compared with the targets set of 34 percent in "good" condition and 62 per cent in "fair" condition for 2015-16.** The purpose of the measure is to illustrate a consistent stock of "good" and "fair" housing options while maintaining a low percentage of "poor" options.

Alberta's government owned or supported housing assets have an estimated deferred maintenance cost of over $1 billion, reflected in the "fair" and "poor" FCI category ratings. Many buildings in the owned and supported portfolio are between 30 and 60 years old, and therefore maintenance costs continue to rise. To support the replacement of property systems and components at or near the end of their useful life, government spent $22.9 million in 2014-15 and $22.8 million in 2015-16 on maintenance. This spending will help maintain the current condition of facilities and ensure the safety, security and comfort of residents in government-owned and supported housing.

In addition, the province invested almost $45 million in 2014-15 and almost $66 million in 2015-16 to regenerate and renew the aging facilities in its portfolio. These investments encompassed major renovations, replacements and additions to government-owned and/or supported seniors lodge and other social housing operating pursuant to the *Alberta Housing Act*, or under long-term operating agreements.

## Outcome 6

## An integrated approach to improving the socio-economic well-being of all Albertans.

Government continues to work collaboratively with community partners and other levels of government on an integrated service delivery approach that focuses on an individual's unique needs and circumstances. It has made strides in improving the socio-economic well-being of individuals, families and communities through benefits, skills training, community and entrepreneur supports, workplace and education supports, and preventative supports that foster social, cultural and economic well-being.

### Child Care Subsidy and Benefits

Alberta's child care subsidy has one of the highest eligibility thresholds in Canada. Families can earn up to $50,000 per year and still qualify for the maximum subsidy. As well, partial subsidies are available depending on family income and the age of any children living in the household. Announced in 2015-16, the new Alberta Child Benefit and enhanced Alberta Family Employment Tax Credit will come into effect this summer. Low and middle-income families can access the child care subsidy program to receive assistance with the cost of licensed and approved child care.

Of the approximately 89,000 children enrolled in licensed and approved child care, more than 24,500 are subsidized through the child care subsidy program. In 2015-16, families receiving the full subsidy paid an average of $298 per month for day care programs which equates to $13.72 per day.

Increasing the emphasis on preventative programs and services was a key priority for government in 2015-16. Government made significant progress in Fetal Alcohol Spectrum Disorder (FASD) awareness, education, prevention and treatment initiatives including, implementing a successful model of FASD prevention known as the Parent-Child Assistance Program. This three-year home visitation intervention program has been implemented across the province for women who have a history of alcohol and drug abuse and are at risk of giving birth to a child with FASD.

Reducing family violence and bullying remains a high priority for the government. Government currently administers $20 million in Family and Community Safety Program (FCSP) grant funding to 105 projects across Alberta. In September 2015, nearly $10 million in FCSP grant funding was approved to support 74 community projects, focused on reducing family violence, sexual violence and building healthy relationships. In February 2016, an additional $10 million was also announced to extend 37 current FCSP grants and to fund 32 new projects focused on reducing family violence and sexual violence.

In 2015-16, government provided almost $5 million in grant funding to support a number of initiatives including: coordinated responses to family violence in communities across the province; seven safe visitation sites across the province to facilitate visits between children and their non-custodial parent where family violence is a concern; seven Victim Supports Outreach projects which support family violence services to Indigenous and immigrant families; and five program grants focused on outreach and awareness to increase community capacity to respond to family violence across the lifespan.

### Alberta Supports

Alberta Supports acts as a first point of contact for Albertans requiring information, referrals and supports on over 34 programs and over 120 services. Information can be accessed in-person at Alberta Supports Centres, online or by telephone through the Alberta Supports Contact Centre. Between April 1 and March 31, 2016, Albertans were served 437,156 times across all channels of the Alberta Supports Centres. To help Albertans find the appropriate services, a seamless integration approach is being piloted and established at several Alberta Supports sites throughout the province. The government is implementing the Alberta Supports Measurement and Effectiveness

Approach which will evaluate the integration and effectiveness of service delivery and recommend processes for continuous improvement.

Delivery of social services includes a range of types of service from one-time transactions to ongoing relationships. They range from matters such as permanency and stability in living situations to inclusive and respectful communities. Program areas serve diverse groups of Albertans including people of all ages, children with disabilities and adults with addiction and mental health challenges. The Alberta Supports Provincial Community of Practice is also in place to share best practices among service providers and ensure quality integrated services.

In 2015-16, government through the Francophone Secretariat, worked in collaboration with other community stakeholders to offer services in French. Services were focused on priority areas such as primary health care, wellness, social services, early childhood development, social justice, settlement and integration, heritage preservation, and arts and culture.

Government also worked with over 500 rural and urban non-profit/voluntary sector community organizations, municipalities and ministries on 898 projects to help communities and government build on their strengths, address issues and achieve their goals. Over 1,100 sessions were held with more than 18,400 participants. Examples of the work included assisting with developing strategic plans and fund development, board governance training, facilitating community collaborations and facilitating public engagement and stakeholder consultations. These services and workshops are accessible to organizations anywhere in Alberta.

### Early Childhood Development

To ensure Alberta's children have a healthy start in life, the government works with local communities to create connected local networks so that every infant, toddler, child, and their family have access to high-quality programs and services. Approximately 98,250 Albertans visited a Parent Link Centre (PLC) in 2015-16. PLCs operate in 55 locations, reaching 185 communities across Alberta, serving parents and children through early childhood development, parenting and family support programs.

Approximately $10 million is provided annually to 33 agencies across the province to provide home visitation programs. Home visitation programs provide intensive parent education in the parent's home or another safe place and target parents facing challenges that may cause them to place their young children at risk.

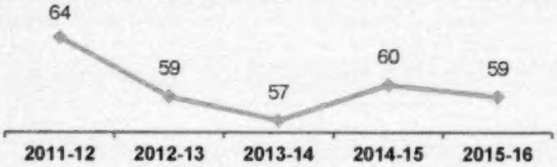
### Alberta's Justice System

In 2015-16, government continued work to enhance alternate dispute resolution options and processes, expand and improve case management and examine pre-trial processes and non-court based options with partners and stakeholders. The government has been striving to improve client outcomes, improve access to justice and shift perceptions of the justice system to allow justice and court resources to be appropriately focused on the timely resolution of serious or complex criminal, family and civil matters.

Generally, Albertans feel safe in their neighbourhoods and homes and are satisfied with policing in the province. Public surveys consistently show that both are in the 80 per cent satisfied range. The trend in perception of safety aligns with steadily declining crime trends in Alberta and Canada over time (see performance measure Satisfaction with Policing on page 103).

## Outcome 6 An integrated approach to improving the socio-economic well-being of all Albertans.

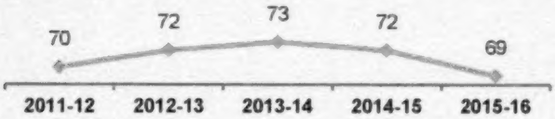
### PROGRAM PARTICIPANTS EMPLOYED AFTER LEAVING INCOME SUPPORT (PERCENTAGE) Performance Measure



The result for this measure was **not significantly off the target of 60 per cent** and have been relatively steady over time. Significant increases in results don't occur because of the variety of factors that affect the clients being able to successfully transition off the program and into work (often clients stop receiving Income Support without obtaining employment, by transitioning to other training programs, entering partnerships (e.g., change in marital status) or by receiving support from other sources (e.g. CPP, EI and disability-related income assistance).

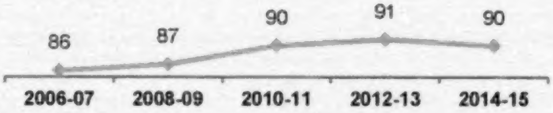
Unemployment rates are also a significant factor in the success of the program. Income Support clients tend to be the last hired and the first to be released in a weak job market. Over the course of the sample period (September 1, 2014 to August 31, 2015), unemployment rose from 4.6 to 6.1 per cent.

### MAINTENANCE ENFORCEMENT PROGRAM COMPLIANCE RATE (PERCENTAGE) Performance Measure



The 2015-16 compliance rate, at 69 per cent, **was below the target of 74 per cent** and three percentage points lower than last year's result. The primary factor impacting the result was the overall decline in economic activity in Alberta, specifically, the increase in unemployment. The program works closely with clients (debtors) who have outstanding arrears. They are encouraged to make payment arrangements with the program to avoid enforcement action, default penalties and interest.

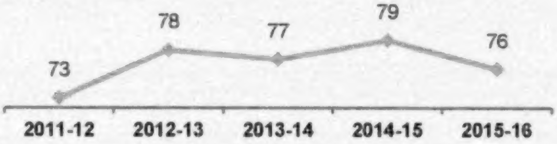
### FSCD PROGRAM OUTCOME (PERCENTAGE) Performance Measure



Family Support for Children with Disabilities (FSCD) program services are meant to strengthen families' ability to promote their child's healthy development and encourage their child's participation in activities at home and in the community.

Ninety per cent of families receiving services through the FSCD program reported that the program had a positive impact on their family. Eighty-nine per cent indicated the program increased their quality of life. Seventy-nine per cent were satisfied with the help FSCD provided with coordinating services and supports. Results were generally similar across different diagnoses but were more positive with families of older children that were with the program longer.

### AISH CLIENT QUALITY OF LIFE INDEX (PERCENTAGE) Performance Measure



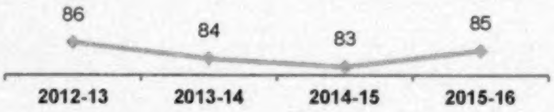
Seventy-six per cent of clients indicated that Assured Income for the Severely Handicapped (AISH) financial assistance contributed to an enhanced quality-of-life by helping them to meet their basic needs, live independently, manage their health and increase their involvement in the community. This result was **slightly below the target of 79 per cent**.

Of the aspects comprising the index, a lower percentage of clients indicated that AISH benefits helped them to become more involved in their community (62 per cent). The AISH program has, as a priority, helped clients to be independent and active in their community, whether from volunteering, education or employment.

**Outcome 6**

## An integrated approach to improving the socio-economic well-being of all Albertans.

### CHILD INTERVENTION SERVICES NON-RECURRENCE RATE (PERCENTAGE) Performance Measure

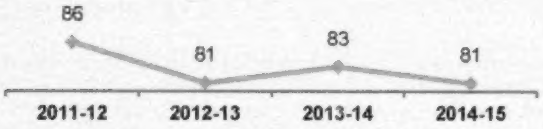


Child intervention services are designed to promote well-being, stability and continuity of relationships with biological families or legal guardians and protect children from further maltreatment. Therefore, the rate of non-recurrence is a key indicator of the success of these services.

Eighty-five per cent of the children for whom a child intervention file was opened either had never required an intervention or hadn't for at least 12 months. **This result was an increase from 2014-15 (83 percent) but fell below the expected result of 87 per cent.**

Families receiving child intervention services typically have complex issues. During formal involvement with a family, child intervention workers strive to build a collaborative relationship with the child and family members so that the family is comfortable returning for help, should the need arise.

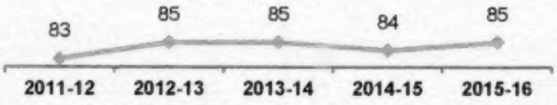
### SATISFACTION WITH POLICING (PERCENTAGE) Performance Measure



Albertans' perceptions of policing are linked to perceptions of safety. Those with more confidence in the justice system report higher satisfaction with policing services.

Public satisfaction with policing is influenced by a variety of factors other than direct contact with the police, including where one lives, one's gender, age and marital status. It is also influenced by media coverage in both Canada and the United States.

### SATISFACTION WITH VICTIMS SERVICES (PERCENTAGE) Performance Measure



**Satisfaction with victims services is generally high at 85 per cent and not significantly off the target of 86 per cent**.

Many clients felt that the support they received from victims services either met or surpassed their expectations; identifying specific volunteers and employees who assisted them – service providers who victims felt 'went above and beyond'.

In 2015-16, $14.8 million in financial benefits were awarded to victims and $14.5 million in grants was provided to organizations serving victims.

A Canadian Victims Bill of Rights was proclaimed on July 23, 2015. The bill provides victims of crime the right to information, protection, participation and restitution. To ensure that provincial services align with the new legislation, government developed training packages and delivered approximately 30 training sessions to victim services programs, Crown prosecutors and various government staff working in the justice system, both in person and via webinars.

A review of victim services delivery in rural and remote communities was undertaken in the past year. As part of the initiative, program evaluations were offered to provincial Victim Serving Organizations (VSOs) to assist with understanding their role within the community, setting service delivery priorities and gauging the effectiveness of their program in relation to local community needs. The evaluations are designed as a management tool that VSOs can use to build on their existing strengths, as well as identify opportunities for enhancing operations and service delivery to victims.

## Outcome 7 Indigenous communities and peoples participate as equal partners in Alberta's economy and society.

Government continues to work collaboratively with Indigenous communities and organizations to strengthen relationships, enhance socio-economic equity, enhance meaningful Indigenous participation in the duty to consult process, increase Indigenous participation in resource development and find better approaches to land management and environmental issues. Government is committed to ensuring that all Alberta students learn about the history and legacy of residential schools, along with the histories and vibrant cultures of Indigenous peoples to build a better, more understanding Alberta.

### A New Spirit of Respect and Reconciliation

In 2015-16, government committed to acts of reconciliation and a fundamental shift in its relationship with the Indigenous peoples of the province. As a first step in reconciliation, the government apologized for not taking a stand to stop children from being taken from their homes as part of the federal residential school system. Alberta also joined the call for a national Inquiry into Missing and Murdered Indigenous Women, one of the recommendations of the Truth and Reconciliation Commission.

Further, government helped deliver "I am a Kind Man", a culturally-based program, of healing and hope, launched across Alberta by the Alberta Native Friendship Centre's Association. The program is aimed at helping men and boys understand their role in ending violence against Indigenous women and girls. It also recognizes the challenges Indigenous men face as a result of colonization and historical trauma and encourages them to reconnect with their traditional roles within families and communities.

In 2015-16, government also launched the Aboriginal Business Investment Fund to capitalize Indigenous community-owned business development opportunities. The grants offer direct investment into eligible Indigenous businesses.

### United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration)

In 2015-16, government reviewed programs, policies and initiatives to determine what changes are needed for the government to better align with the UN Declaration, a far-reaching document that will redefine the province's relationship with Indigenous peoples. The review resulted in a government mandate to engage further with Indigenous governments, organizations and peoples on how to implement the principles and objectives of the UN Declaration.

In 2015-16, government continued to work closely with the Métis Settlements, the Métis Settlements General Council, industry and other stakeholders to develop the Government of Alberta's Policy on Consultation with Métis Settlements on Land and Natural Resource Management, 2015 and associated guidelines. Development of this policy aligns with the principles and objectives of the UN Declaration as it provides a formal process for individual settlements to express their concerns related to the impacts of Alberta's land and natural resource management decisions on their members' harvesting and traditional use activities. Alberta's Métis Settlements Consultation Policy was implemented on April 4, 2016 with the release of The Government of Alberta's Guidelines on Consultation with Métis Settlements on Land and Natural Resource Management, 2016.

### Protocol Agreements and Engagement Tables

In October 2015, Cabinet established Protocol Agreements and Engagement Tables with Treaties 6, 7 and 8. A Protocol Agreement was signed between the Government of Alberta and the Treaty 8 First Nations of Alberta in April 2016.

**Outcome 7**

## Indigenous communities and peoples participate as equal partners in Alberta's economy and society.

### AVERAGE EMPLOYMENT INCOME (DOLLARS) Performance Indicator

| Population Group | $ |
|---|---|
| Aboriginal | $ 55,668 |
| First Nations | $ 50,003 |
| Métis | $ 60,296 |
| Non-Aboriginal | $ 70,042 |

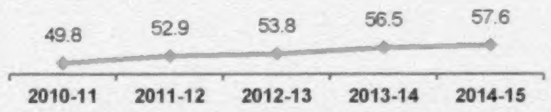
The data (2010) for this indicator are based on Statistics Canada National Household Survey, which is conducted every five years. New data is anticipated in the fall of 2017. This indicator identifies income inequalities between Aboriginal and non-Aboriginal Albertans as well as between the First Nations and Métis populations in Alberta. Employment income levels help government monitor whether or not policies and programs designed to strengthen economic capacity for Indigenous peoples are working. It is recognized that it may take a long time for government to make an impact and that there are many factors that influence employment income levels.

### TRIBAL COUNCIL ENGAGEMENT (PERCENTAGE) Performance Measure

| 2014-15 | 2015-16 |
|---|---|
| 44 | 55 |

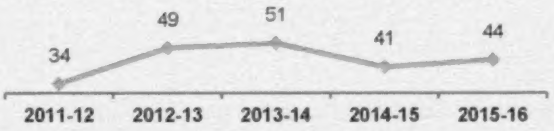
**The 2015-16 target of 67 per cent was not achieved** for this measure of Indigenous people's engagement in land and resource planning. Discussion with the First Nations of the Athabasca Tribal Council resulted in the decision on the Council's part not to establish a land and resource management table in northeastern Alberta. Instead, member First Nations opted to focus their efforts on finalizing the new Treaty 8 Protocol Agreement – which will establish six engagement tables, including a consultation, development, and environment table. Moving forward, establishing engagement tables under Protocol Agreements with each Treaty area may eliminate the need to establish land and resource management tables with the First Nation members of each Tribal Council.

### HIGH SCHOOL COMPLETION RATE OF FIRST NATIONS, MÉTIS AND INUIT STUDENTS (PERCENTAGE) Performance Measure



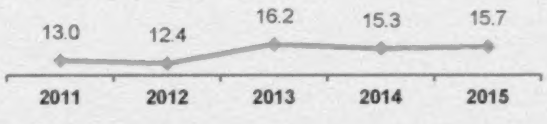
These numbers show the trend over time in high school completion rates. **The target of 53.5 per cent was exceeded**. Data is used by governments to inform policies and design programs to close this gap between Aboriginal youth and non-Aboriginal youth. It is recognized that there are many factors contributing to educational attainment rates.

### INDIGENOUS ECONOMIC DEVELOPMENT PROJECTS (NUMBER) Performance Measure



**The 2015-16 target of 37 economic development projects was surpassed.** The Aboriginal Economic Partnership Program provided funding for 44 projects throughout the province totalling approximately $2.45 million. This achievement is partially credited to the program's efforts in bringing more partners together, such as the federal government and industry, which resulted in a greater number of projects being funded and more partners working together to enhance Indigenous participation in the economy.

### POST-SECONDARY ACHIEVEMENT OF ABORIGINAL ALBERTANS (PERCENTAGE) Performance Indicator



These numbers show the percentage point gap between Aboriginal and non-Aboriginal peoples. Data is used by government to inform policies and design programs to close this gap between the two groups. It is recognized that there are many factors contributing to educational attainment rates.

## Outcome 8 Increased gender equality in Alberta.

Government laid out a long-term plan to improve gender equality in Alberta in part by establishing Alberta Status of Women, the only provincial or territorial ministry of its kind in Canada. The long-term plan set out for this new government ministry, begun in July 2015, focuses on increasing women's economic security, increasing women's leadership and democratic participation, and decreasing violence against women and girls. With a budget of approximately $1.2 million in 2015-16, Status of Women continued with the women's equality and advancement work that had begun in other Government of Alberta ministries. Findings from research about the issues women face in Alberta informed recommendations for the ministry's mandate, priorities and structure. In March 2016, Cabinet approved the mandate for Status of Women to target actions, shape policies and programs and engage public and private institutions to create conditions for equality.

### Building a Better Alberta Means Ensuring Albertans Benefit Equally

Status of Women started policy development by looking at government work through a gender equality and intersectionality lens. Movement toward greater gender equality in Alberta involved building capacity in gender mainstreaming including Gender-Based Analysis Plus (GBA+) training, targeting and aligning research and analytics, and building and maintaining partnerships with women, girls and community-based organizations throughout Alberta. GBA+ is an analytical tool that helps policy advisors and policy makers ensure intended outcomes of policies, programs and services benefit men and women equally.

Women are substantially underrepresented in leadership positions in the public and private sectors. Status of Women provided corporate and operational support for the 2015 Women in Leadership conference for Alberta Public Service staff. Conference participants explored the barriers and challenges women face in leadership and presenters shared practical tools and insights to help individuals and the organization move beyond those barriers. Alberta has led by example with the first gender-balanced Cabinet in Canadian history.

### Building a Better Alberta Means Realizing the Potential of Women who Live Here

Government recognizes that women play a vital role in building strong businesses, families and communities in Alberta. Further, women who feel safe and have equitable access to capital and networking are vital to a strong and resilient economy. Status of Women collaborated with other ministries to develop targeted action plans that identify and reduce barriers that limit women's economic participation. Status of Women initiated efforts to increase women's economic resilience and support sustained economic growth for Alberta by supporting women entrepreneurs to grow their businesses.

Government also coordinated a Heads of Mission visit to Alberta in March 2016 with an emphasis on women entrepreneurs and women in leadership. The diplomatic visit brought 31 foreign Ambassadors and High Commissioners to Canada to engage in discussions with Alberta's government and industry representatives. The discussions were part of a diplomatic economic outreach mission aimed at highlighting women in leadership and entrepreneurship in Alberta's major sectors.

### Improving Health and Safety for Women and Girls

In 2015-16, government collaborated on work that affects women and girls including Bill 7, the *Alberta Human Rights Amendment Act* which added gender identity and gender expression as expressly prohibited grounds of discrimination. Further, government increased funding for up to 400 more midwifery courses of care, provided $3.5 million in one-time funding to support programs that protect women and girls from violence and $15 million to enhance supports for women affected by family violence. Resources such as these help ensure women and girls are safe and get the support they need as they continue their journey toward independence.

## OUTCOME ONE

### Agri-food Exports by Sector (see sources and notes below for Agri-Food Exports by Market)

### Agri-food Exports by Market

**Source:** The International Trade Division of Statistics Canada and the Ministry of Agriculture and Forestry. Canadian international export statistics are developed from the administrative files of Canada Border Services Agency and U.S. Border Protection. Information on Alberta's agri-food exports is compiled by the Statistics and Data Development Branch of the Ministry of Agriculture and Forestry.

**Note(s):** The results for these measures are derived from the monetary value of Alberta's agri-food products leaving the province through customs for a foreign destination market.

Alberta's agri-food exports by sector reports the total value of Alberta's agri-food exports categorized into primary commodities and processed/manufactured products.

Alberta's agri-food exports by market reports the total value of Alberta's agri-food exports categorized by country/region of destination, where the country of destination is the last known destination of the agri-food products at the time of export.

Regions include United States; China; India; Comprehensive Economic and Trade Agreement (CETA) member countries, excluding U.S., Trans-Pacific Partnership (TPP) member countries, and the rest of the world.

Agri-food exports refers to domestic exports, which exclude re-exports and include primary commodities and processed or manufactured products. Primary commodities refer to all crops grown and livestock raised in Alberta that have not been materially transformed. Processed or manufactured products refer to processed crops and livestock products under broad groupings of food, beverages, animal feed, and inedible crude animal and plant products.

Statistics developed from administrative records of the Canada Border Services Agency may understate and/or incorrectly portray the destination of exports or the province of origin. Inaccuracies of exports data often result from the attribution of exports on a province of lading (point of shipping) rather than by province of origin. Export statistics are subject to revisions, with revisions being conducted by Statistics Canada on a monthly basis. In this report, revisions are made only in the case when the difference in annual value of exports is greater than 5.0 per cent.

### Total Tourism Expenditures in Alberta

**Source:** Statistics Canada Travel Survey of Residents of Canada and the International Travel Survey and the Ministry of Culture and Tourism

**Note(s):** Expenditures include those made in Alberta by visitors from overseas, the United States, other Canadian provinces and by Albertans. The Travel Survey of Residents of Canada measures the size of domestic travel in Canada and is run as a voluntary supplement to the Labour Force Survey. The International Travel Survey provides statistics on travellers to and from Canada using mail-back questionnaires, e-questionnaires, the Air Exit Survey as well as Frontier Counts.

The 2013 result was revised based on final data from Statistics Canada for the International Travel Survey.

### Alternative and Renewable Energy Generation

**Source:** Alberta Utilities Commission (AUC)

**Note(s):** In early January of each year, a request is sent out to all Alberta electricity generators and distributors to submit electricity statistics. Up until 2010, predecessors to the Alberta Energy Regulator sent out these requests. Commencing with 2011 statistics, and for every year hereafter, this responsibility now falls under the jurisdiction of the AUC. The AUC has the authority to collect such data based upon Section 8 of the Hydro and Electric Energy Regulation (Alberta Regulation 409/1983).

In Alberta, alternatives are defined as energy sources such as natural gas cogeneration that are more efficient than traditional energy sources like coal or natural gas for the production of electricity. Renewable energy is defined as energy sources that can be naturally regenerated within a human lifespan and in Alberta they include wind, solar, hydroelectricity, geothermal, biogas and biomass. Through its policy framework, the Government of Alberta supports the development of alternative and renewable energy in the province.

Over the past five years, alternative and renewable generating capacity has grown steadily with a 24 per cent increase from 2011 to 2015. This was largely driven by growth in both wind and gas cogeneration.

## OUTCOME TWO

### Labour Force Participation

**Source:** Statistics Canada Labour Force Survey

**Note(s):** Historical results have been restated to reflect updated census data information provided by Statistics Canada.

The Labour Force Survey provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over (working age population) residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Forces, and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

### Lost-time Claim Rate

**Source:** Workers Compensation Board and the Ministry of Labour

**Note(s):** The Workers' Compensation Board – Alberta (WCB) records a lost-time claim when a worker, their physician, or their employer submits an injury report form. The WCB collects this information, calculates estimated person-years worked, and provides the data files to the Ministry of Labour for analysis. The lost-time claim rate is reported by calendar year and is calculated by dividing the number of lost-time claims by the number of estimated person-years worked.

The previous four years of results are re-calculated each year based on the most recent injury data provided by the WCB, to provide the reader with the most accurate and up-to-date injury information.

### Comparison of Labour Force Participation

**Source:** Statistics Canada Labour Force Survey

**Note(s):** Historical results have been restated to reflect updated census data information provided by Statistics Canada.

The Labour Force Survey provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over (working age population) residing in Canada, with the exception of the following; persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Forces, and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

The performance indicator looks at the labour force participation rate for all Albertans, Aboriginal Albertans living-off reserve, Alberta's immigrant population and Alberta's youth (aged 15-24). For each sub-group, the labour force participation rate is calculated as the percentage of people in the sub-group of the working age population that are either employed or actively seeking employment (unemployed) compared to the working age population of the sub-group. This is calculated as a 12-month average for the calendar year.

The labour force survey asks respondents if they identify themselves with at least one Aboriginal group, for example, North American Indian, Métis or Inuit.

A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities.

### Achievement on Language Arts Diploma Examinations

**Source:** Ministry of Education

**Note(s):** This measure reports the percentage of students who achieve standards on language arts diploma examinations. Students who achieve the acceptable standard have developed the foundational skills needed to become literate adults. The language arts measure is an average of the results in the following four subjects, weighted by the total number of individuals that wrote each of the exams: English Language Arts 30-1; English Language Arts 30-2; French Language Arts 30-1; and Français 30-1.

Data for the current year (2015-16) are not available until October 2016.

### Students Completing High School Within Five Years of Entering Grade 10

**Source:** Ministry of Education

**Note(s):** The high school completion rate reports the percentages of Alberta students in public, separate, francophone, charter, and accredited private schools who, within five years of entering grade 10, received an Alberta High School Diploma, an Alberta High School Equivalency Diploma (GED), a Certificate of Achievement for completing the Integrated Occupational Program, a Certificate of High School Achievement for completing knowledge and employability courses, entered an Alberta post-secondary program or an apprenticeship program, or earned credits in five grade 12 courses, including one language arts diploma examination course and three other diploma examination courses.

The tracking of grade 10 Alberta students excludes some students such as those identified as having a severe or moderate cognitive disability or a severe multiple disability.

Current and historical results have been adjusted to reflect the change from previous data source systems to Provincial Approach to Student Information (PASI).

### High School Student Transition to Post-secondary Programs

**Source:** Ministry of Education

**Note(s):** The high school to post-secondary transition rate reports the percentages of Alberta students in public, separate, francophone, charter, and accredited private schools who made the transition to post-secondary education including apprenticeships within six years of entering grade 10.

Current and historical results have been adjusted to reflect the change from previous data source systems to PASI.

### Post-secondary Education Age 18–34

**Source:** Statistics Canada, Labour Force Survey

**Note(s):** Statistics Canada's Labour Force Survey is used to calculate the percentage of Albertans age 18–34 who report attending post-secondary programs. The Labour Force Survey is a monthly, Canada-wide survey of a representative sample of households in the provinces and territories. Data is collected on all members of the household who are 15 years of age or older. Persons living on reserves, inmates of institutions and full-time members of the Canadian Armed Forces are excluded from the survey. The average Alberta sample size for the monthly Labour Force Survey was

5,690 households in 2015. The calculation of this measure uses an eight-month average (January to April and September to December) to account for the fact that many post-secondary students attend school during the fall and winter semesters while working during the summer.

### Success of Alberta Immigrant Nominee Program

**Source:** Alberta Immigrant Nominee Program One-Year Post-Landing Follow-up Survey, Ministry of Labour

**Note(s):** Each year, Alberta Immigrant Nominee Program (AINP) nominees are surveyed to determine if they are still living and working in Alberta, one year after obtaining permanent residency. The most recent results available are for AINP nominees that landed in 2013 and were surveyed in 2015 to allow one year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted. AINP nominees are surveyed via an online survey distributed by email. A nominee was considered to be working and residing in Alberta if they answered that they currently reside in Alberta and that they were currently employed (including working and performing their job duties, on a paid maternity leave, on a paid leave of absence or on vacation). There were 1,857 survey respondents, the response rate was 63 per cent and the margin of error is +/- 1.4 per cent 19 times out of 20.

## OUTCOME THREE

### Greenhouse Gas Emissions

**Source:** Environment and Climate Change Canada and the Ministry of Environment and Parks

**Note(s):** This performance measure tracks the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of $CO_2$ equivalent, as outlined in Alberta's 2008 Climate Change Strategy. The stated target is a comparable number for the greenhouse gas emissions measure. This target was based on the 2008 Climate Change Strategy which is transitioning to the Climate Leadership Plan As a signatory to the United Nations Framework Convention on Climate Change, Canada is obligated to prepare and submit an annual national greenhouse gas inventory covering anthropogenic emissions by sources and removals by sinks. Environment and Climate Change Canada is responsible for preparing Canada's official national inventory with input from numerous experts and scientists across Canada. The National Inventory Report contains Canada's annual greenhouse gas emission estimates dating back to 1990. The Ministry of Environment and Parks reports on Alberta's total emissions as reported in the National/Provincial/Territorial Tables. The United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (carbon dioxide), and implemented several methodological changes. The results for this performance measure are reported on a two year lag from Environment Canada. Results are measured in million tonnes of $CO_2$ equivalent, as provided by Environment and Climate Change Canada in the National Inventory Report 1990–2014: Greenhouse Gas Sources and Sinks in Canada.

Compared to 2013, greenhouse gas emissions have increased by two million tonnes. Some of the factors contributing to the changes in emissions span several sources and have been driven by a:

- 2.8 million tonnes increase in emissions from upstream and downstream oil and gas;
- 0.5 million tonnes increase in electricity emissions;
- 1.0 million tonnes increase in energy emissions for transportation;
- 0.9 million tonnes decrease in building emissions;
- 2.3 million tonnes decrease in emissions from energy intensive and trade exposed sectors (pulp and paper, cement, chemical and fertilizers);

- 0.3 million tonnes increase in agriculture emissions; and
- 0.1 million tonnes decrease in waste emissions.

### Municipal Solid Waste to Landfills

**Source:** Ministry of Environment and Parks

**Note(s):** This measure indicates Alberta's progress towards reducing the amount of municipal solid waste disposed in municipal landfills, as measured in kilograms of waste per capita per year. Waste from the residential sector; the industrial, commercial and institutional sector; and the construction, renovation and demolition sector collected at municipal landfills is included in this measure. The calculation is based on the kilograms of municipal solid waste sent to landfill and the population served by each reporting landfill.

The information is collected from landfills with weigh scales and is voluntarily provided. The measure is calculated using the most up-to-date population statistics, either the Ministry of Municipal Affairs' official provincial population list or Statistics Canada's Census data. Approximately 78 per cent of Alberta's population had access to service provided by reporting landfills in 2015. Estimates are used for the remaining population and are derived by multiplying the per capita disposal rate with the unmeasured population. Historical results from 2014 have been revised to correct an insignificant misstatement due to a formula error.

### Air Quality Index

**Source:** Alberta Environmental Monitoring, Evaluation and Reporting Agency, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association, Lakeland Industry and Community Association, Alberta Capital Airshed and the Ministry of Environment and Parks

**Note(s):** This measure indicates the number of good, fair, poor and very poor air quality days. Air quality is measured based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter less than 2.5 microns in size (PM2.5). Alberta's Air Quality Index is calculated based on a minimum of four and a maximum of five of these major air pollutants measured hourly at a total of 17 Alberta locations. The monitoring stations are situated in urban centres with consideration given to proximity to industrial and non-industrial sources. The measurements are converted to a standard scale known as the Air Quality Index (AQI), which is calculated for each pollutant every hour. In 2015, the AQI was calculated at 15 continuous monitoring stations: four in Edmonton; two each in Calgary, Fort McMurray, and Red Deer; and one each in Cold Lake, Fort Saskatchewan, Grande Prairie, Lethbridge, and Medicine Hat. A new monitoring station in Sherwood Park did not report data for sufficient portions of the year to be included in 2015 results.

The pollutant that gives the highest AQI measure for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100) and very poor (>100) air quality. The total number of hours of good, fair, poor and very poor air quality are divided by the total number of hours with an AQI value for all stations in the year which meet the completeness criteria. These fractions are then multiplied by the number of days in the year to determine the number of days in each air quality range, rounded to a whole number. The number of days of good air quality is also expressed as a percentage of the days in the year, to give the final performance measure. These categories are derived using formulas based on Alberta's Ambient Air Quality Objectives.

In agreement with the National Air Pollution Surveillance Program, Environment and Parks, in conjunction with the Airsheds, implemented a change in the PM2.5 monitoring instrumentation (analyzers) whereby the sample is dried rather than heated to better account for the total PM2.5 concentration. Using previous technology, when a sample was heated some PM2.5 was volatilized (evaporated) and the concentration of PM2.5 was under predicted. The 2011 through 2015 results reflect the data collected from the new monitoring technology.

2015 results are based on data from fifteen stations (includes Calgary Northwest, Calgary Southeast, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, Red Deer – Riverside, Lancaster, and Woodcroft). The Calgary Central station moved in 2015, but was not in operation in either location for sufficient portions of the year to be included in 2015 results. Sherwood Park began permanent operation in 2015, but was not in operation for sufficient portions of the year to be included in 2015 results.

2014 results are based on data from fourteen stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, Red Deer – Riverside, and Woodcroft). Calgary Southeast and Red Deer – Lancaster, which began permanent operation in 2014, were not in operation for sufficient portions of the year to be included in 2014 results.

2013 results are based on data from twelve stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray - Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge and Red Deer). Crescent Heights not included in 2013 due to insufficient data availability. Fort McMurray – Patricia McInnes was upgraded to the new monitoring technology and is now included.

2012 results are based on data from ten stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Fort McMurray – Athabasca Valley, Fort Saskatchewan, Henry Pirker and Red Deer). Edmonton South and Lethbridge not included in 2012 due to insufficient data availability. Fort McMurray – Athabasca Valley was upgraded to the new monitoring technology and is now included.

2011 results are based on data from eleven stations (includes Edmonton Central, Edmonton East, Edmonton South, Calgary Central, Calgary Northwest, Lethbridge, Fort Saskatchewan, Cold Lake South, Red Deer, Crescent Heights and Henry Pirker) which operate with the new PM2.5 monitoring technology. Calgary East station was decommissioned in 2011 for relocation.

### Visitor Satisfaction at Provincial Parks

**Source:** Leger Marketing Alberta Survey of Albertans for the Ministry of Environment and Parks

**Note(s):** To survey a random and representative sample of adult Albertans, quotas were established for the number of interviews within six geographic areas of the province and within each geographic area, for each age group (i.e. 18 – 34, 35 – 54, 55 years or older) and, within each age segment, for the number of interviews with males and females. The latest Statistics Canada population estimates were used to provide a representative sample frame, with the number of interviews in each region-age-gender segment being proportionate to the population estimates. The survey sampler drew a random sample from the most recent residential phone listings of Alberta. At least six call back attempts to reach or schedule an interview with a respondent were done before a telephone number was exhausted. Telephone numbers were called no more than twice in one day and never at the same time on different days. Respondents were allowed to schedule appointments to complete the survey at a convenient time. Interviews were conducted with the adult in the household who was having the next birthday.

## OUTCOME FOUR

### Satisfaction with Health Care Services

**Source:** Health Quality Council of Alberta. Provincial Survey about Health and the Health System in Alberta (2011, 2013, 2015, 2016)

Health Quality Council of Alberta. Satisfaction and Experience with Health Care Services in Alberta (2010, 2012, 2014)

The provincial population survey is conducted by the Health Quality Council of Alberta for the purpose of obtaining Albertans' views and perceptions on the quality, safety and performance of the publicly funded health care system.

**Note(s):** The calculation of results for this measure is based on the percentage of respondents to the Health Quality Council of Alberta (HQCA) Provincial Survey about Health and the Health System in Alberta 2016 who responded "satisfied" or "very satisfied" to the question:

"Thinking about all of your personal experiences within the past year with the health care services in Alberta that we just reviewed, to what degree are you satisfied or dissatisfied with the services you have received? Please use a scale of 1 to 5 where '1' means 'very dissatisfied' and '5' means 'very satisfied'."

From February 2, 2016 to March 26, 2016 data were collected through a telephone survey of 1,510 Albertans residing in randomly selected Alberta households. The overall response rate for the survey was calculated at 35.0. The estimated margin of error for the provincial sample of 1,510 is 2.5 per cent based on the 95 per cent confidence interval.

A total of 1,360 (weighted total) respondents answered the question on satisfaction with health care services personally received in Alberta within the past year. Results are reliable within ±2.5 per cent, 19 times out of 20.

### Childhood Immunization by Age Two

**Source:** Ministry of Health

**Numerator:** Immunization/Adverse Reactions to Immunization (Imm/ARI) system.

Aggregate data is obtained from First Nations sources for Aboriginal children living on reserve.

**Denominator:** The Ministry of Health population estimates, based on mid-year (June 30) registration population estimates.

**Note(s):** This is a measure of the number of children by two years of age who have received the required immunization divided by the mid-year population of two year-olds. The targets are set nationally, with the province adopting them as provincial targets.

The numerator data (count of children immunized with required effective count) are submitted electronically into the provincial immunization registry [Immunization/ Adverse Reactions to Immunization (Imm/ ARI)] at the Ministry of Health from feeder systems at Alberta Health Services (AHS). These counts are pulled from the Imm/ARI system. Aggregate data is obtained from First Nations sources for Aboriginal children living on reserve. The denominator data is retrieved from the Ministry of Health population estimates which is based on mid-year (June 30) registration population estimates.

### Primary Care Enrolment

**Source:** Ministry of Health, Alberta Health Care Insurance Plan Statistical Supplement, 2014-2015

**Note(s):** This measure is defined as the percentage of Albertans informally enrolled in a primary care network (PCN) as at March 31 of a given year.

The percentage of Albertans enrolled in PCNs is calculated by dividing the total number of Albertans informally enrolled in PCNs in a given fiscal year (April 1 to March 31) by the total population covered by the Alberta Health Care Insurance Plan as at March 31 of the same fiscal year, and then multiplying the resulting quotient by 100 to obtain the percentage.

The numerator is the total number of patients enrolled in PCNs in a given year (April 1 to March 31), as reported in Table 2.29 Primary Care Networks: Distribution by Health Region (AHS Zone), Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year), Alberta Health Care Insurance Plan Statistical Supplement.

Patients are considered to be enrolled in a PCN when they are assigned to a physician/nurse practitioner/pediatrician registered to a PCN.

The number of patients linked to a PCN is calculated by the payments issued to the program, which is associated with the providers within the PCN. The payments to the PCN are identified by the payments the providers receive through the Claims Assessment System (CLASS). CLASS is an application that collects and processes claims transactions for physicians of multiple disciplines and provides information of compensation for physician services.

The denominator is the total population registered with a Personal Health Number (PHN) and covered under the Alberta Health Care Insurance Plan as at March 31 of a given year. This number is reported in Table 1.1 of the Alberta Health Care Insurance Plan Statistical Supplement.

### Influenza Immunization

**Source:** Ministry of Health and Alberta Health Services (AHS)

**Numerator:** (count of those immunized by age category): Alberta Health Services Zones, the Ministry of Health's weekly pharmacists data, First Nations and Inuit Health, Health Canada, Alberta Region.

**Denominator:** Alberta's Interactive Health Data Application. Numbers of residents of long-term care (LTC) in facilities are taken from the LTC bench mark report provided by the Public Health Agencies public health zones as of December 15, 2015.

Data are collected during the influenza season, when the influenza vaccine is administered, which is typically October 1 to March 31 each year. However, there may be immunization events that fall outside this range depending on how long the influenza virus circulates in Alberta, which are not included in the immunization rate data. First Nations people living on reserve are included.

Immunization data is manually collected in each zone by AHS. Data is representative of all doses administered up until April 2, 2016. Data is aggregated by each zone and sent centrally for inclusion into the provincial AHS report. Data includes all immunizations delivered by AHS, community providers (including but not limited to physician offices, pharmacists, occupational health service providers, long term care, acute care, student health services at post-secondary institutions and First Nations Inuit Health Branch).

Children who require two doses of the influenza vaccine will only be included if they have received two doses during the current season up to and including April 2, 2016. Doses administered between April 1 and 30, 2016 will not be included this year, but will be included in the next season.

Children six to 23 months of age who have received two doses in the past season will be included if they receive an annual (single) dose during the current season.

**Seniors aged 65 and over:** Immunization rate (number of seniors aged 65 years and over who received one dose of the influenza vaccine)/(mid-year population estimate of age category) x 100.

**Children aged 6 to 23 months:** Immunization rate (number of children aged six to 23 months who received dose 2 of 2 or an annual dose of the influenza vaccine)/(mid-year population estimate of age category) x 100.

**Residents of long-term care facilities:** Immunization rate (number of residents in the facilities on December 15, 2015 who received the vaccine on December 15, 2015).

It is necessary to define the immunization rate for residents of long-term care facilities in this way due to the high turnover in this population. Otherwise the result would be an immunization rate over 100%. Time Period of Results Reported is October 1, 2014 to December 15, 2015.

### Healthy Alberta Trend Index (HATi)

**Source:** Statistics Canada. Canadian Community Health Survey (CCHS): Alberta Share File (the CCHS Share File is not publicly issued), the Ministry of Health and Alberta Health Services

**Note(s):** Since last year, the index has been renamed from Healthy Alberta Risk Trend Index (HARTi) to Healthy Alberta Trend Index (HATi). The revised name is a better description of the index—which includes behavior that is a risk to health (e.g., binge drinking alcohol) as well as healthy behavior (e.g., consumption of fruit and vegetables).

In 2013, the question related to the frequency of binge drinking changed. The question now asks: "How often in the past 12 months have you had (4 or more – for females)/ (5 or more – for males) drinks on one occasion?"

Previously the question asked both males and females about 5 or more drinks. This changes the binge drinking estimates included in the index. The 2013 results are therefore not directly comparable to the results of previous years.

The Canadian Community Health Survey (CCHS) is a cross-sectional survey that collects information related to health status, health care utilization and health determinants for the Canadian population. The CCHS includes a wide range of questions about the health and health behaviours of residents in each province since 2007.

The CCHS covers the population 12 years of age and over living in the ten provinces and the three territories. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements in the provinces, full-time members of the Canadian Forces, and the institutionalized population.

Statistics Canada provides a provincial share file to each Ministry of Health. This file contains detailed survey responses for those participants agreeing to disclosure to the ministry. In Alberta, the share file represents between 92 per cent and 95 per cent of participants in each cycle of the master file.

The calculation of the HATi involves each of the six indicators listed below being dichotomized as 0 or 1 (0 for not having the behaviour or 1 for having the behaviour) and totaling them from a risk factor perspective; meaning a 6 would be most unhealthy and 0 would be most healthy.

- Life Stress – Respondents self-reporting life stress as extremely or quite a bit stressful.
- BMI Category – Respondents self-reporting as "overweight" or "obese" (BMI of 25 or higher).
- fruit and vegetable consumption – Respondents self-reporting having eaten five or more servings of fruit and vegetables per day.
- physical activity – Respondents who are moderately active or active. Category derived from reported physical activities
- smoking status – Respondents who are current daily smokers.
- binge drinking frequency – Respondents reporting having five or more drinks (for male) or four or more drinks (for female) two or more times per month.

Taking into account that fruit and vegetable consumption and physical activity are measuring healthy activities, the HATi sums the risk factor values and is calculated as:

HATi = overweight + (1 – fruit veg) + daily smoker + binge drinker + life stress + (1 – physical activity)

### Life Expectancy at Birth

**Source:** Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, Alberta Health Postal Code Translation File (PCTF), Alberta Vital Statistics Death File and the Ministry of Health

**Note(s):** Historical results have been adjusted in response to updated data from Alberta Vital Statistics and Alberta Health Care Insurance Plan.

Life expectancy is interpreted as the average number of years a hypothetical age cohort would live if they were subjected to the current mortality conditions throughout the rest of their lives.

Life expectancy is calculated using the commonly-used "period" life table methodology. A detailed description of the methodology used to convert age-sex specific death rates into life expectancy at birth can be found in Appendix 3 of the Ministry of Health report Chronic Disease Projections Methodology, 2008. http://www.health.alberta.ca/documents/Chronic-Disease-Method-2008.pdf.

The accuracy of health data for First Nations populations, both nationally and in Alberta, is limited by inconsistencies in the methods used to identify the individuals included in the First Nations population, it is clear that the population health status of First Nations people in Alberta is significantly lower than the health status of other Albertans. This is consistent with the national results which indicate that the health of Indigenous peoples is poorer than for Canadians as a whole.

## OUTCOME FIVE

### Continuing Care Access

**Source:** Ministry of Health, 7 Meditech rings for the South, Central and North Zones and from 2 Strata health Pathways applications by the Calgary and Edmonton Zones

**Note(s):** Percent of clients admitted to a continuing care living option (supportive or facility living) within 30 days of the Assessed and Approved date

Continuing care living option refers to the level of care in a publicly funded resident accommodation that provides health and support services appropriate to meet the client's assessed unmet needs (i.e. Designated Supportive Living Level 3, 4, 4-Dementia, or long-term care).

Assessed and approved date refers to the date the client is placed on the waitlist for a continuing care living option following the completion of the assessment and approval process.

The result is calculated based on the number of individuals admitted to a continuing care living option within 30 days of their assessed and approved date divided by the total number of individuals admitted to a continuing care living option (supportive or facility living) during the reporting period expressed as a percentage.

### Housing Facilities Condition Rating Index

**Source:** Ministry of Seniors and Housing provides the Ministry of Infrastructure with an inventory listing of all housing facilities to be assessed. The Ministry of Infrastructure completes the assessments and calculations for each housing asset, assigns the facility condition rating, and sends a full report back to the Ministry of Seniors and Housing

**Note(s):** This performance measure illustrates the overall condition of Alberta's government-owned or supported housing assets. Assessed housing stock is categorized as in "good", "fair" or "poor" condition, and the percentage in each category then calculated.

To arrive at these numbers, first the condition of each government owned or supported housing asset is assessed and rated. The assessed facility condition rating is then combined with values for deferred maintenance cost and inflation, to create a new Facility Condition

Index (FCI) percentage value. The FCI is the ratio of repair to replacement costs (i.e. cost to correct current and future physical condition deficiencies, relative to current facility replacement values). This method of calculating the condition of housing assets is an industry standard and is used in other provincial jurisdictions to measure overall condition of government-owned facilities.

As assessments are conducted over multi-year cycles, the results for any facilities that have been reassessed in each new cycle will replace the results from the former cycle.

The percentages for each category in the measure are calculated by taking the number of all facilities in good, fair or poor condition and dividing each by the total number of all audited facilities. If a facility has been constructed or completely refurbished within the last 10 years, and has not been assessed, it is automatically rated as "good."

## OUTCOME SIX

### Program Participants Employed after Leaving Income Support

**Source:** Ministry of Human Services

**Note(s):** Results for the measure are obtained through the Work Outcomes Reporting Project (WORP) Survey. People in two categories may qualify for income support and are included in the survey; people who have difficulty working because of a chronic mental or physical health problem or because of multiple barriers to employment and people who are looking for work, working, or unable to work in the short-term.

A third-party survey provider was contracted to survey former Income Support Program participants three months after they left the program. The results are based on income support participants who left the program between September 1, 2014 and August 31, 2015. The results include participants' employment status as determined from the question, "Have you been employed at any time since you stopped receiving social assistance?" "Yes" and "No" responses are used to calculate the performance measure result.
The sample size for the 2015-16 result is 2,062. The margin of error is ±2.16 percentage points, 19 times out of 20.

### Maintenance Enforcement Program Compliance Rate

**Source:** Ministry of Justice and Solicitor General

**Note(s):** The amount of regular payments is a proxy measure for Maintenance Enforcement Program's (MEP's) compliance rate on cases enrolled. Terms of maintenance orders and agreements are entered into the Maintenance Information Management System (MIMS). The overall amount of maintenance payments that are due each month are then totaled by MIMS. Payments received are also entered into the system and totaled monthly by MIMS. The performance measure shows the amount of regular maintenance collected as a percentage of the regular maintenance due. It does not reflect collection of MEP-charged fees or penalties, any arrears, or any variable extraordinary expenses. The result is calculated on a monthly basis by dividing the amount of regular maintenance collected in a month by the amount of regular maintenance due in that month. The annual result is an average of the monthly results. The methodology for this measure was adapted from a similar measure developed by the Canadian Centre for Justice Statistics.

### Family Support for Children with Disabilities (FSCD) Program Satisfaction (Percentage of families accessing the FSCD program who indicated the services had a positive impact on their family.)

**Source:** Ministry of Human Services

**Note(s):** The last available survey results are from the 2014-15 fiscal year. The next available survey results are forthcoming in 2016-17.

The result for this measure is obtained through a survey of all families with open files on September 29, 2014, that had received services at some point since June 29, 2014. Although the survey was provided to all families, the final valid population size (i.e. total population minus not-in-service telephone numbers, business numbers and individuals who stated they did not receive services from FSCD) was 8,043 people.

The survey response rate was 19.5% (1,572 completed surveys divided by a population of 8,043). The overall margin of error for the survey results was ± 2 per cent, 19 times out of 20.

Respondents had the opportunity to participate by telephone, online or by faxing or mailing in the completed survey.

The exact wording of the question used in the survey was as follows: "How much do you agree that the services provided to you by the FSCD Program have had a positive impact on your family?"

The possible answers for a respondent to select were (1) Strongly Agree, (2) Agree, (3) Disagree, (4) Strongly Disagree. The combined responses of Strongly Agree and Agree are used to calculate the performance measure result.

### Assured Income for the Severely Handicapped (AISH) Client Quality of Life Index

**Source:** Ministry of Human Services

**Note(s):** In 2015-16, a revised methodology was introduced for the AISH index. This methodological change improves the calculation by excluding "don't know" and non-responses from the final calculation. Results for 2013-14 and 2014-15 have been re-calculated.

The result for this measure is generated through a telephone survey of randomly selected AISH clients, conducted by an independent research firm, Nichols Applied Management. Surveying was undertaken during the first two weeks of February 2015. A random sample was selected by preparing a list of active AISH clients, as well as AISH clients that received a personal benefit, between December 1, 2014 and November 30, 2015.

Respondents were asked four questions about the benefits and services they received under the AISH Program. Using a four-point agreement scale "strongly disagree", "disagree", "agree", or "strongly agree" the respondents are asked to gauge the impacts of AISH financial benefits in terms of helping them to meet their basic needs, manage their health issues, live more independently, and be involved in the local community.

In 2015-16, of the 1,011 randomly selected AISH clients, 599 clients completed the survey, for a response rate of 54 per cent. The resulting sample size produces results that are considered accurate to within +/- 4.0 percentage points, 19 times out of 20.

**Personal Benefit Recipients**

In 2015-16, of the 769 randomly selected AISH clients with Personal Benefits, 401 completed the survey, for a response rate of 52 per cent. The resulting sample size produces results that are considered accurate to within +/- 4.8 percentage points, 19 times out of 20. The survey was conducted by telephone with AISH clients who have phone numbers. Calls were made weekdays between the hours of 10:00 a.m. and 8:00 p.m. Call backs were scheduled as requested by respondents.

### Child Intervention Services Non-Recurrence Rate

**Source:** Ministry of Human Services

**Note(s):** This measure describes the percentage of children and youth with a new child intervention file who did not have a file closure in the previous 12 months. This includes children and youth that are under either a not-in-care or an in-care legal authority. As of February 2016, the average monthly caseload in Child Intervention Services was approximately 9,860 children (2,905 Not In Care and 6,955 In Care).

The measure's result is determined by consulting the Child Youth Information Module (CYIM) and/or the Intervention Services Information System to assess whether children and youth with a file closed (i.e. the conclusion of services under a family enhancement agreement or child protection file) in the previous fiscal year have accessed protective services within 12 months. Only children and youth whose file closure occurred prior to their 17th birthday are included to determine the result. Among the 5,343 children who opened to Child Intervention, 4,833 children did not have a previous involvement within the last 12 months.

### Satisfaction with Policing

**Source:** Ministry of Justice and Solicitor General

**Note(s):** Beginning in 2015-16, a biennial survey schedule was adopted with targets and results available every other year. The survey was last conducted in 2014-15. To obtain the results, professionally trained interviewers conducted all interviews from a central telephone facility. The survey was completed on a computer-assisted telephone interviewing system that allows for ongoing tabulation of results. Ten percent of all interviews were monitored online.

Historically, the sample size for this survey question was 750. With the merger of the former ministries of Justice and Attorney General and Solicitor General and Public Security, the previous survey sample sizes (750 for Justice and Attorney General and 1,200 for the Ministry of Solicitor General and Public Security) were combined. The 2012-13 sample size for this survey question was 2,000 and was kept at 2,000 for 2013-14 and 2014-15. To survey a random and representative sample of adult Albertans, quotas were established based on Statistics Canada's 2011 Census data. In each of the six geographic regions of the province, the number of interviews in each age-gender segment was proportionate to their 2011 population estimates. Results are reliable within ±2.2 percent at the 95 percent confidence level.

### Satisfaction with Victims Services

**Source:** Ministry of Justice and Solicitor General

**Note(s):** The ministry tracks the satisfaction of individuals who receive services from employees and volunteers within the criminal justice system. The evaluation survey is included in the Financial Benefits Application package and submitted with applications for financial benefits. Victims apply to the financial benefits program on a continual basis throughout the fiscal year and, as a result, the survey data collection timeframe runs for one full fiscal year. Therefore, for the fiscal year 2015-16, data was collected from April 1, 2015 to March 31, 2016. Results are compiled from the responses completed by individuals who choose to respond to this survey at the time they apply to the program. Results are reliable within ±3.3 percent at the 95 percent confidence level.

The response rate for this survey was 23 percent in 2015-16. The response rate is calculated using the number of financial benefit applications received (3,075) and the total number of responses to the survey (710).

Respondents are asked to rate how satisfied they are with the overall service provided by employees and volunteers within the criminal justice system. The survey uses a five point Likert scale ranging from one "very dissatisfied" to five "very satisfied". The methodology consists of totaling the cumulative score for the responses to this question and dividing by the total number of valid completed responses to the question. The results provide an average score which is then converted to a percentage for consistency with other ministry performance measures.

## OUTCOME SEVEN

### Average Employment Income

**Source:** Statistics Canada and Ministry of Indigenous Relations

**Note(s):** The data for this indicator are based on the Statistics Canada National Household Survey, which is conducted every five years. It is estimated new results for this indicator will become available in fall of 2017.

### Tribal Council Engagement

**Source:** Ministry of Indigenous Relations

**Note(s):** The performance measure is the percentage of tribal councils represented by their individual member First Nations that are engaged through a formal relationship to support land and resource management. A formal relationship is one that has an agreed structure and deliverables, and is supported by leadership in both organizations. Usually these formal relationships are built to support other formal government-to-government agreements, such as the Protocol Agreement on Government to Government Relations. They are also often supported by a resolution by the members of the tribal council or the Assembly of Treaty Chiefs (AOTC). The AOTC, which is comprised of First Nations from Treaty 6, Treaty 7 and Treaty 8, is the main table utilized by all Alberta First Nations Chiefs to meet and develop positions with respect to both federal and provincial government policy.

### High School Completion Rate of First Nations, Métis and Inuit Students

**Source:** Ministry of Education

**Note(s):** The high school completion rate of First Nations, Métis and Inuit students reports the percentages of self-identified First Nations, Métis and Inuit students in public, separate, francophone, charter, and accredited private schools who, within five years of entering Grade 10, received an Alberta High School Diploma, an Alberta High School Equivalency Diploma (GED), a Certificate of Achievement for completing the Integrated Occupational Program (IOP), a Certificate of High School Achievement for completing knowledge and employability courses or entered an Alberta post-secondary program, an apprenticeship program, or earned credits in five Grade 12 courses (including one language arts diploma examination course and three other diploma examination courses).

The tracking of grade 10 students excludes some students, such as those identified as having a severe or moderate cognitive disability or a severe multiple disability.

Current and historical results have been adjusted to reflect the change from previous data source systems to Provincial Approach to Student Information (PASI).

### Indigenous Economic Development Projects

**Source:** Ministry of Indigenous Relations

**Note(s):** This measure is calculated based on the number of approved projects for grant programs. Applicants may include First Nations, Tribal/Regional Councils, First Nations companies and organizations, Métis organizations, and non-government organizations that directly promote economic capacity-building in Indigenous communities. Non-Indigenous applicants may also be considered where there is demonstrated Indigenous support. Overall, the measure demonstrates how the ministry supports Indigenous organizations, communities and peoples to fully participate in Alberta's economy.

### Post-secondary Achievement of Aboriginal Albertans

**Source:** Statistics Canada and Ministry of Labour

**Note(s):** This indicator shows the difference between the educational attainment rate of employed Aboriginal Albertans living off-reserve and other Albertans. University degree attainment for Aboriginals has typically been lower than attainment rates for other Albertans. The educational attainment rates for both off-reserve Aboriginal Albertans and other Albertans are based on the Labour Force Survey conducted by Statistics Canada. Data tables are provided by Statistics Canada and tabulated by staff from the Ministry of Labour to produce results for this measure.